

**KREBS BIOCHEMICALS & INDUSTRIES LIMITED**

(Originally incorporated as Krebs Biochemicals Limited under the Companies Act, 1956 and the Certificate of Incorporation was issued by the Registrar of Companies, Andhra Pradesh on December 2, 1991. The name of the Company was changed to the present one vide Fresh Certificate of Incorporation consequent to change of name issued on November 21, 2003. For further details, please see Chapter on "History and Certain Corporate Matters" on page 121.

CIN : L24110AP1991PLC103912

Regd Office: Kothapalli Village, Kasimkota Mandal, Anakapalli, Visakhapatnam - 531 031; A.P.**Corporate Office :** 8-2-577/B, Plot No. 34, 3rd Floor, Maas Heights, Road No.8, Banjara Hills, Hyderabad -500034**Tel: No.** 040-66808040; **E-mail:** investors@krebsbiochem.com**Contact Person:** Ms. Haritha Varanasi, Company Secretary & Compliance Officer**Promoters:** Dr. R.T. Ravi, Mr. Avinash Ravi and Ipca Laboratories Limited**LETTER OF OFFER**

ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FOR CASH AT A PREMIUM OF RS. [●] PER EQUITY SHARE AGGREGATING TO AN AMOUNT NOT EXCEEDING RS. 2,500 LAKHS TO THE EXISTING EQUITY SHAREHOLDERS OF OUR COMPANY ON RIGHTS BASIS IN THE RATIO OF [●] EQUITY SHARE(S) FOR EVERY [●] FULLY PAID EQUITY SHARE(S) HELD BY THE EXISTING SHAREHOLDERS ON THE RECORD DATE, I.E. ON [●]. THE ISSUE PRICE OF EACH EQUITY SHARE IS [●] TIMES TO THE FACE VALUE OF THE EQUITY SHARE. FOR FURTHER DETAILS, PLEASE REFER THE SECTION TITLED "TERMS OF THE ISSUE" BEGINNING ON PAGE NO. [●] OF THIS DRAFT LETTER OF OFFER

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The securities being offered in the issue have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. Specific attention of investors is invited to the statement of 'Risk Factors' beginning on page no. 11

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). Our Company has received in-principle approval from BSE and NSE for listing the securities arising from this Issue by its letters dated [●] and [●]

LEAD MANAGER TO THE ISSUE**REGISTRAR TO THE ISSUE**

 <p>Arihant Capital Markets Limited Merchant Banking Division SEBI REGN NO.: INM 000011070 #1011, Solitaire Corporate Park, Guru Hargovindji Road, Chakala, Andheri (E), Mumbai - 400 093 Tel : 022-42254800; Fax : 022-42254880 Email: mbd@arihantcapital.com Website: www.arihantcapital.com Contact Persons: Mr. Amol Kshirsagar / Mr. Satish Kumar P</p>	 <p>Karvy Computershare Private Limited SEBI REGN NO. INR000000221 Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 Tel: 040-33215130 Contact Person: Mr. Murali Krishna M Email: murali.m@karvy.com</p>
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ISUSE PROGRAMME

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

DEFINITIONS AND ABBREVIATIONS

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

Conventional / General Terms

Term	Description
Act or Companies Act	The Companies Act, 2013 and the rules made there under, as amended from time to time
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time.
Depositories	NSDL and CDSL.
Depositories Act	The Depositories Act, 1996 and subsequent amendments thereto.
Depository Participant / DP	A depository participant as defined under the Depositories Act, 1996 and registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time.
DP ID	Depository Participant’s identity.
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
GoI	Government of India.
Indian GAAP	Generally Accepted Accounting Principles in India.
I.T. Act	The Income Tax Act, 1961 and subsequent amendments thereto.
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, limited liability partnership, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
Non Residents	A person resident outside India, as defined under FEMA.
NRE Account	Non Resident External Account as defined under Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
NRO Account	Non Resident Ordinary Account as defined under Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time.
Securities Act	United States Securities Act, 1933, and subsequent amendments thereto.
SEBI Act, 1992	Securities and Exchange Board of India Act, 1992 and amendments thereto.
SEBI (ICDR) Regulations	Securities And Exchange Board Of India (Issue Of Capital And Disclosure Requirements) Regulations, 2009, as amended.
SEBI LODR Regulations	SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended



Term	Description
Takeover Code/ SEBI SAST Regulations	The Securities and Exchange Board Of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 as amended to date.
Wealth tax Act	The Wealth Tax Act, 1957 and subsequent amendments thereto.

Company / Issue Related Terms

Term	Description
Allotment	Unless the context otherwise requires, the issue and the allotment of Equity Shares, pursuant to the Issue.
Allottee	The applicants to whom the Equity Shares are being/have been allotted.
Articles/ Articles of Association/ AOA	Articles of Association of our Company.
Auditors	Refers to M/s Pavuluri & Company, Chartered Accountants, the statutory auditors of our company, unless otherwise specified.
Bankers to the Issue	[●]
Board or Board of Directors	Board of Directors of our company which term shall include a committee of the Board
Capital or Share Capital	Share Capital of our Company comprising of subscribed and paid up Equity Share Capital.
Corporate Office	8-2-577/B, Plot No. 34, 3rd Floor, Maas Heights, Road No.8, Banjara Hills, Hyderabad -500034
Designated Stock Exchange	BSE Limited
Draft Letter of Offer	The Draft Letter of Offer filed with SEBI, BSE and NSE
Equity Share(s) or Share(s)	Equity Share of our Company having a face value of Rs. 10/- each listed on BSE and NSE unless otherwise specified in the context thereof.
Equity Shareholders	Unless otherwise stated, means a holder of Equity Shares of our Company as on the Record Date.
Fiscal/FY	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
Investor(s)	The holder(s) of Equity Shares of our Company as on the Record Date, i.e. [●] and Renounees.
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	Rs. [●] per Equity Share
Lead Manager or Lead Manager to the Issue	Lead Manager to this Issue, in this case being Arihant Capital Markets Limited.
Memorandum / Memorandum of Association/ MoA	Memorandum of Association of our Company.
Promoter	Dr. R.T. Ravi, Mr. Avinash Ravi and Ipca Laboratories Limited
Record Date	[●]
Registrar to the Issue or Registrar and Transfer Agent to the Company / R&T	Karvy Computershare Private Limited
Registered Office	Kothapalli Village, Kasimkota Mandal, Anakapalli, Visakhapatnam - 531 031; A.P.



Term	Description
Renounees	Shall mean the persons who have acquired Right Entitlements from the existing Equity Shareholders of our Company.
Right Entitlement	The number of Equity Shares that a shareholder is entitled to in proportion to his/her shareholding in our Company i.e. [●] Equity Share for every [●] Equity Shares held as on the Record Date.
Rights Issue	The issue of equity shares being offered on rights basis as per terms of this Letter of Offer.
The Offer or The Issue	Issue of [●] Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per share (including Share Premium of Rs. [●] per Equity Share) aggregating to an amount not exceeding Rs. 2,500 Lakhs to the existing shareholders on rights basis in the Ratio of [●] equity share for every [●] fully paid equity shares held by the existing shareholders on the record date, i.e. on [●]

Industry Related Terms

Term	Description
AHU	Air Handling Unit
AHU	Air Handling Unit
API	Active Pharmaceutical Ingredient
APQR	Annual Product Quality Review
ATFD	Agitated Thin Film Drier
BHA	Butylated hydroxyanisole
BMR	Batch Manufacturing Record
BP	British Pharmacopeia
BPCR	Batch Production & Control Record
CAPA	Corrective and Preventive Action
CAS Number	Chemical Abstract Service Number
CC	Change Control
CC	Change Control
CEP	Certificate of Suitability
CFR	Code of Federal Regulations
cGMP	Current Good Manufacturing Practise
CIP	Clean In Place
COA	Certificate of Analysis
DA	Dispatch Advise
DM water	De mineralised Water
DMF	Drug Master File
DQ	Design Qualification
EDQM	European Directorate for the Quality of Medicines
EHS	Environmental and Health Safety
ETP	Effluent Treatment Plant
FDA	Food and Drug Administration
GLR	Glass Lined Reactor
GMP	Good Manufacturing Practise
HACCP	Hazard Analysis Critical Control Point
HDPE	High Dense Poly ethylene
HEPA	High Efficiency Performance Filter
ICH	International conference on Harmonization



Term	Description
IQ	Installation Qualification
LBPC	Liquid Born Particle Count
LOD	Loss on Drying
MC	Moisture Content
MEEs	Multiple Effect Evaporator
MOA	Method of Analysis
MOC	Material of Construction
MS	Mild Steel
MSDS	Material Safety Data Sheet
NLT	Not Less than
NMT	Not More than
OHSAS	Occupational Health & Safety Assurance
OOS	Out of Specification
OOT	Out of Trend
OQ	Operational Qualification
OVI	Organic Volatile Impurity
Ph. Eur	Pharmacopoeia European
PO	Purchase Order
PPE	Personal Protection Equipment
PPM	Parts per Million
PQ	Performance Qualification
PSD	Particle Size Distribution
QA	Quality Assurance
QC	Quality Control
QMS	Quality Management System
R&D	Research & Development
RM	Raw Material
RO water	Reverse Osmosis Water
RPM	Rotation per minute
RRT	Relative Retention Time
RSD	Relative Standard Deviation
RT	Retention Time
SCABA	Self Contained Breathing Apparatus
SIP	Sterilization in Place
SOP	Standard Operating Procedure
SS	Stainless Steel
TDS	Total Dissolved Solids
TOC	Total Organic Count
USP	United States Pharmacopeia
VMP	Validation Master Plan
VMP	Validation Master Plan

Abbreviation

Term	Description
AGM	Annual General Meeting.
AS	Accounting Standards, as issued by the Institute of Chartered Accountants of India.
ASBA	Application Supported by Blocked Amount process provided by SEBI as one of the modes for applying in a Public Issue / Rights Issue.



Term	Description
BSE	BSE Limited
BV	Book Value.
CAF	Composite Application Form.
CDSL	Central Depository Services (India) Limited.
DP	Depository Participant.
EGM	Extra-ordinary General Meeting.
EPS	Earnings Per Share.
FEMA	Foreign Exchange Management Act, 1999 and subsequent amendments thereto.
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.
FY	Financial Year
G o I	Government of India.
JV	Joint Venture
Ltd.	Limited
MoU / MOU	Memorandum of Understanding.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited
NRI(s)	Non Resident Indian(s).
OCB(s)	Overseas Corporate Body(ies).
P.A.	Per Annum
PAN	Permanent Account Number.
SAF	Split Application Form
SCSB	Self Certified Syndicate Banks.
SEBI	Securities & Exchange Board of India.



**CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND
CURRENCY OF PRESENTATION**

Financial data

Unless indicated otherwise or the context requires otherwise, the financial data in this Letter of Offer is derived from our Restated Financial Information prepared in accordance with the Companies Act, the relevant accounting standards and restated in accordance with the SEBI ICDR Regulations and the Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the ICAI, included elsewhere in this Letter of Offer.

On February 16, 2015, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Rules, 2015 ("Ind AS Rules") for the purpose of enacting changes to Indian GAAP that are intended to align Indian GAAP further with International Financial Reporting Standards ("IFRS"). The Ind AS Rules provide that the financial information of the companies to which they apply shall be prepared in accordance with the Ind AS. We have transitioned to the Ind AS accounting standards with effect from April 1, 2016 and have prepared the restated financial statements of our Company as at and for the year ended March 31, 2018, which includes the comparative Ind AS financial statements as at and for the year ended March 31, 2017, prepared in accordance with the Ind AS and restated financial statements for the year ended March 31, 2016 which have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements and restated financial statements of the Company as at March 31, 2015 and 2014 and for the years ended March 31, 2015 and 2014 prepared in accordance with the Indian GAAP. Accordingly, our financial statements for the period commencing from April 1, 2016 prepared under Ind AS may not be comparable to our historical financial statements prepared under Indian GAAP.

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year, so all references to a particular Fiscal are to the 12-month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

There are differences between the Ind AS, Indian GAAP, the IFRS and the Generally Accepted Accounting Principles in the United States of America (the "U.S. GAAP"). Accordingly, the degree to which the financial information included in this Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with accounting standards in India, the Ind AS, the Indian GAAP, the Companies Act and the SEBI ICDR Regulations, on the financial disclosures presented in this Letter of Offer should accordingly be limited. We have not attempted to quantify the impact of the IFRS or the U.S. GAAP on the financial data included in this Letter of Offer, nor have we provided a reconciliation of our financial information to those under the U.S. GAAP or the IFRS and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Certain figures contained in this Letter of Offer, including financial information, have been subject to rounded off adjustments. All decimals have been rounded off to two decimal points and percentages to two decimal points other than the operational numbers which have been rounded off to one decimal point. Therefore, in certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, where any figures that may have been sourced from third-party industry sources are rounded off to other than two decimal points or one decimal point (in case of percentages) in their respective sources, such figures appear in this Letter of Offer may be rounded-off to such number of decimal points as provided in such respective sources.

Currency and Units of Presentation

All references to "Rupees" or "Rs." or "Rs." are to Indian Rupees, the official currency of the Republic of India. All references to "US\$" or United States Dollars are to the official currency of the United States of America. Except where specified in this Letter of Offer, all figures have been expressed in lakhs.



Industry and market data

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

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and 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. The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (DIPP), issued Consolidated FDI Policy Circular of 2015 ("FDI Policy 2015"), which with effect from May 12, 2015, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force and effect as on May 11, 2015. However, press note 4 of (2015 Series), dated April 24, 2015, regarding policy on foreign investment in pension sector, will remain effective. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2015 will be valid until the DIPP issues an updated circular. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/ RBI. 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.

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, except pursuant to exemption from, or in a transaction not subject to the registration requirements of US 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 here 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 Applications 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.

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 Letter of Offer. Applicants are advised to make their independent investigations and ensure that the Application is not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.

FORWARD-LOOKING STATEMENTS

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

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

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/areas in which we operate or changes in price control regime in products that we manufacture for our clients;
- Increased competition in the sectors/areas in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement the project and business plans for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in technology;
- Changes in political and social conditions in India or in countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices.
- The performance of the financial markets in India and globally; and any adverse outcome in the legal proceedings in which we are involved.

For further discussion of factors that could cause our actual results to differ from our expectations, please see “*Risk Factors*”, and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on pages 11 and 243 respectively.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. In accordance with SEBI requirements, we will ensure that investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchange.

RISK FACTORS

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

INTERNAL RISK FACTORS

1. *Our Company has been continuously making losses since the last five years.*

Our Company has been continuously making losses since last five years. The losses recorded during the FY 2014 to FY 2018, as per restated audited financial statements, are as under:

(Rs. in lakhs)

Particulars	For the year/period ended				
	31.3.2018	31.3.2017	31.3.2016	31.3.2015 (6 months)	30.9.2014 (15 months)
Profit / (Loss) after tax	(1,824.03)	(1,277.23)	(1,664.00)	(793.86)	(370.83)

The reasons for losses are dealt with in detail under the Chapter "Management Discussion & Analysis" appearing on page 243 of this Draft LOF. Further, for the quarter ended June 30, 2018, we have incurred net loss of Rs. 559.19 lakhs as per the Restated Statement of Profit and Loss Account. There can be no assurance that we will not continue to make losses in the current financial year or in future years.

2. *Our Company has experienced negative cash flows in the prior periods; details of our cash flows for last three years are given below. Sustained negative cash flow in future could adversely impact our financial condition.*

(Rs. in lakhs)

Particulars	Year ended March 31		
	2018	2017	2016
Net Cash from Operating Activities	(585.75)	(977.06)	(1427.04)
Net cash from Investing Activities	(277.32)	(613.09)	(499.35)
Net cash from Financing Activities	893.21	1575.05	1322.25
Net Increase in Cash and Cash Equivalents	41.85	11.71	26.81

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

3. *We have contingent liabilities in our balance sheet, as restated, as at March 31, 2018. If these liabilities actually materialise, they may adversely impact our financial condition.*

The following are the contingent liabilities in our balance sheet, as restated, as at March 31, 2018:

Particulars	Rs. In lakhs
The following contingent liabilities are not provided for.	
(i) Excise Duty and Service Tax: There are various demands raised by the Excise authorities for which the company preferred appeals with higher authorities. Pending disposal of appeals, the company has deposited an amount of Rs 20.00 Lacs based on interim directions.	112.74
(ii) Income Tax: There are various demands raised by the Income Tax authorities for which the company preferred appeals with Honourable High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh.	358.44
(iii) Employee Provident Fund: Damages u/s 14B were raised by EPF authorities. Pending disposal of appeals, the company has deposited an amount of Rs 17.50 Lacs based on interim directions.	129.93
(iv) Arbitration with Mylan Laboratories Ltd : Mylan Laboratories Limited has raised a claim of Rs. 2.47 crores and conversely the Company has raised a claim of Rs. 1.30 crores along with future demurrage charges of Rs. 4.72 Lacs per month.	247.00
Total Contingent liabilities	848.11

If any of the aforesaid contingent liabilities were to actually materialise, it would adversely impact our financial position and results of our operations.

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

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

Year	2017-18	2016-17	2015-16
Diluted Earnings Per Share (Rs.)	(13.27)	(9.29)	(12.74)

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

5. Our Networth as at March 31, 2018 was negative.

Our Company has been incurring losses since last several years resulting in negative networth of Rs. 3152.35 lacs as at March 31, 2018. The negative networth restricts our ability to avail credit facilities for our operational requirements, which in turn affects our ability to finance our growth requirements on time. We cannot give any assurance that our networth would become positive in future.

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

We are party to certain legal proceedings. No assurances can be given as to whether these matters will be settled in our favour or against us. If a claim is finally determined against us and we are required to pay all or a portion of the disputed amount, it could have an adverse effect on our results of operations and cash flows. A classification of the legal proceedings, which if

they result in adverse outcome would materially and adversely affect the operations or the financial position of our Company and the monetary amount involved in these cases are mentioned in brief below:

Category	Number of Cases	Amount (Rs. lacs)
Criminal cases	3	160.22
Civil (Suit amount)	13	425.17
Income Tax	5	336.18
Central Excise	4	112.74
Labour	15	Over Rs. 6 lakhs

For further details on the outstanding litigation of our Company and its Directors please refer to section titled "Outstanding Litigations, Material Developments and other Disclosures" beginning on page no. 251 of this Draft Letter of Offer.

7. *In respect of our proposed capital expenditure scheme as stated in the objects of the present rights issue, other than in respect of the capex for manufacture of intermediate for anti-convulsant drug, we have not yet obtained quotations from external sources for many of the items of cost and the figures are based on estimates of our management. Any increase in the cost of any of the items of these costs could result in cost overrun.*

While we have obtained quotations and also placed orders for all items of capital expenditure in respect of our project for manufacture of intermediate for anti-convulsant drug, the cost of other items of capital expenditure in respect of fermenting block renovation, re-commissioning of power plant, downstream modification and effluent treatment plant, as stated on page 64 of this DLOF are estimated by our management and no quotations have been obtained from any external sources nor have any orders been placed. Although these costs have been estimated by our management based on market inquiries and relying on their experience, there can be no assurance that there will not be any escalation of costs during actual implementation. While we have provided for contingencies @ 5% on the various items of non-firm cost of project, any increase beyond this may result in cost overrun of the proposed capex. Such cost overrun may have to be financed from alternative sources and if we are unable to finance the same within a reasonable period of time and on reasonable terms, the implementation could be delayed and its viability may also be adversely affected. This in turn would adversely affect our company's financial position and results of operations.

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

The objects for which we intend to use our Issue proceeds as mentioned in the Section "Objects of the Issue" beginning on page 57 of this Draft Letter of Offer, has not been appraised by any bank or financial institution or independent agency. The deployment of the funds as stated under the "Objects of the Issue" is entirely at the discretion of our management and is not subject to monitoring by any independent agency.

Further, barring the items of cost in respect of the project for manufacture of intermediate for anti-convulsant drug, the other items of capital expenditure are assessed by the management largely on the basis of market enquiries for costs of critical equipment / components and no quotations have been called for or received for these items of costs till date. Any increase in the cost of the project may require us to reschedule our project and may have an adverse impact on our business, financial condition and results of operations.

9. *Our proposed capital expenditure programme is in initial stages of implementation. Out of the total amount of Rs. 907.10 lacs earmarked for capital expenditure, orders have been placed only in respect of equipment costing Rs. 211.84 lakhs, which constitutes about 23% of the total capital expenditure proposed*

While we have placed firm orders in respect of all equipment required for the project to manufacture intermediate for anti-convulsant drug, the rest of the projects/capital expenditure proposed to be financed from the proceeds of this Issue is currently in initial stages of implementation. As on the date of this DLOF, our Company has not entered into any definitive contracts in respect of capital expenditure proposed for fermenting block renovation, re-commissioning of power plant, downstream modification and effluent treatment plant. Governmental approvals may be required for implementing the project, delay in receipt of which could hinder our timely execution. Our inability to complete the identified project as per the stated schedule of implementation may also lead to cost overrun and may adversely impact our future financial performance.

10. *We are yet to apply for or obtain necessary approvals / consents / permissions in respect of the proposed capital expenditure*

We have been advised that the following approvals would be required in respect of our proposed capital expenditure:

Project	Approvals Required	Status
(a) New Product – Manufacture of intermediate for anticonvulsant drug	Pollution Control Board Approval	To be applied
(b) Old Fermenter Block Renovation	No separate approval is required	
(c) Recommissioning of Power Plant	Inspector of Factories & Boiler approval	Boiler License to be renewed – needs to be applied after installation.
	Pollution Control Board Approval	To be applied
(d) Downstream Modification (enhancement of Serratiapeptidase Capacity)	No separate approval is required	
(e) Effluent Treat Plant (ETP) and MEEs	No separate approval is required	

While our Company will apply for the requisite approvals at the appropriate time, there can be no assurance that we will be able to meet with the requirements for granting such approval or that such approvals would be granted to us without delay. Any delay in our obtaining or failure to obtain the necessary approvals will adversely affect the implementation of our proposed capital expenditure programme, thereby leading to adverse effect on our business, financial condition and results of operations.

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

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

12. *Our Nellore plant was shut down from November 1, 2013 to December 4, 2014 and the Visakhapatnam plant from March 23, 2013 to September 12, 2014 due to lock-out following agitation from the workmen at respective units. Any future disruption in production at, or shutdown of, our manufacturing facilities could adversely affect our business, results of operations and financial condition.*

We own and operate two manufacturing facilities, located at Nellore and Visakhapatnam in Andhra Pradesh. Both plants were shut down for prolonged period due to lock out following an agitation from the workmen at our units located The differences were settled through a Memorandum of Settlement dated December 4, 2014 under Section 12(3) read with Section 2(P) of the Industrial Disputes act, 1947.

In the event that there are any future disruptions at either or both of our plants due to natural or man-made disasters, workforce disruptions, strikes or lock-outs, regulatory approval or renewal delays, fire, failure of machinery, or any significant social, political or economic disturbances, our ability to manufacture our products may be adversely affected. Disruptions in our manufacturing activities could delay production or require us to shut down our manufacturing facility. We may be subject to manufacturing disruptions due to contraventions by us of any of the conditions of our regulatory approvals, which may require our plants to cease, or limit, production until the disputes concerning such approvals are resolved. As regulatory approvals for manufacturing drugs are site specific, we may be unable to transfer manufacturing activities to another location immediately. Further, while we have not experienced any strikes or labour unrest subsequent to the aforesaid event, we cannot assure you that we will not experience work disruptions in the future due to disputes or other problems with our work force. Any labour unrest may hinder our normal operating activities and lead to disruptions in our operations. Disruption of operations could adversely affect our business, results of operations, financial condition and cash flows.

13. *We have entered into lease-cum-manufacturing services agreements with IPCA Laboratories Ltd who are one of our Promoters, in respect of our plants at Nellore and Visakhapatnam. We are also presently dependent upon Ipca Laboratories Ltd., for significant portion of our manufacture and sales.*

We have, vide agreements dated October 4, 2014 and December 13, 2014 respectively as further amended from time to time, granted lease to IPCA Laboratories Ltd over the factories situated at Nellore and Visakhapatnam. The salient features of these Agreements are provided under the Para "Other Agreements" appearing in the Chapter "Business Overview" on page 91 of the DLOF. While all transactions of manufacture and sale of products by us to Ipca are being done on commercial terms and on arms-length basis and the Agreements with Ipca permit us to manufacture and sell our products to other customers in the market, we may continue to depend on Ipca for bulk of our future manufacture and sales. Further, our Agreements with Ipca may also inhibit other pharmaceutical product companies who may be competitors to Ipca, from dealing with us for their requirements. This may limit our options to manufacture and sell our products in the market and continue our dependence on Ipca for major portion of our manufacture and sales.

14. *We are dependent on our Promoter to a great extent for our future business.*



As the Promoter would continue to hold majority stake in our company, it will have control over our business activities and there can be no assurance that all of its actions would be compatible with the interests of the Company or minority shareholders at all times. However, the Promoter has thus far conducted all of its transactions with the Company at arm's length.

15. *Our Promoter and Managing Director holds Equity Shares in our Company and is therefore interested in our Company as shareholder in addition to his remuneration and reimbursement of expenses.*

Mr. Avinash Ravi, our Promoter who is also the Managing Director holds 17,68,821 Equity Shares in our Company and as such is interested in our Company as a shareholder to the extent of their shareholding in our Company, in addition to regular remuneration or benefits and reimbursement of expenses. There can be no assurance that our Promoter will exercise his rights as shareholder to the benefit and best interest of our Company.

16. *One of our Promoters, Ipca Laboratories Ltd., is engaged in pharmaceutical business, which is same line of business as our Company.*

Ipca Laboratories Limited, one of the Promoters of our Company holding 29.83% of our present shareholding, is engaged in the business of pharmaceuticals which is the same line of business as our Company. While presently the business activities of our Company and that of Ipca are complementary to each other with operational synergy between the two business entities and transactions are carried out on commercial terms on arms-length basis, there can be no assurance that in future there would not arise any conflict of interest between our Company and Ipca. In the event of such conflict of interest, if Ipca who are one of our Promoters acts in a manner prejudicial to the interests of our Company, then we could be adversely affected in terms of our business operations, growth and financial condition.

17. *Our Company, our promoters Dr. R. T. Ravi, Mr. Avinash Ravi and some members of their Promoter Group had been served with warning letter by SEBI in respect of alleged non-compliances of SEBI SAST Regulations*

SEBI vide its letter dated October 26, 2015 issued warning to our Company, our promoters Dr. R. T. Ravi, Mr. Avinash Ravi and some members of their Promoter Group 'to adhere caution in future to ensure compliance with all applicable provisions of SEBI (SAST) Regulations failing which action would be initiated in accordance with the provisions of Takeover Regulations'. In the event of our Company or our Promoters failing to so comply in future, we may be subjected to penal action.

**18. Some of our promoter group entities incurred losses in the latest financial year (March 31, 2018)**

Name of the group entity	Losses incurred (Rs. In lacs)
Visaka Foods Private Limited (31/03/2017)	(106.05)
Ipca Pharmaceuticals Limited, SA de CV, Mexico	(8.82)
Ipca Pharma (NZ) Pty. Ltd., New Zealand	Negligible
Pisgah Labs Inc., USA	(98.79)
Ipca Pharma (Australia) Pty. Ltd., Australia	(14.01)

Besides the above, Ipca Laboratories Ltd. holds 49% equity shareholding in Avik Pharmaceuticals Ltd., which was declared sick under Sick Industrial Companies (Special Provisions) Act, 1985 and registered with BIFR. A rehabilitation scheme was sanctioned by BIFR in December 2013.

19. We have entered into certain related party transactions.

We have, in the course of our business, entered into related party transactions with related parties that include our Promoter, Directors and key managerial personnel. While we believe that all such transactions have been conducted on 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 may enter into related party transactions in future. There can be no assurance that such transactions, individually or in aggregate, will not have adverse effect on our financial condition and results of operation. For information on related party transactions, please refer the sections titled "Financial Information" appearing on page 171 of this DLOF.

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

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

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

We recruit and train personnel in the areas of research & development, process improvements and development of new products. We believe that there is significant demand for personnel who possess the skills needed to perform these services. Our inability to hire and retain additional qualified personnel will impair our ability to continue to expand our business. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of technical personnel with the requisite skills to replace those technical personnel who leave.

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

Advancements in technology may require us to incur additional capital expenditure for upgrading our manufacturing and / or R & D facilities to effectively meet competition. In the event that we are not able to respond to such technological advancements, as they occur, in a timely manner, we may become less competitive thereby adversely affecting our business, operations and financial condition.

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

We have insurance policies covering stocks, cash in transit, factory buildings, furniture, fixtures and fittings, plant & machinery etc. for total insured amount of Rs. 58,143.53 lakhs. However, our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. We cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. Further, we are not covered by business interruption policy. Interruption of our business operations for any reasons including on account of fire, flood, any natural calamities etc. may have a material and adverse impact on our business operations and profitability

24. *The Indian pharmaceutical market is subject to extensive regulation and any failure to comply with the applicable regulations prescribed by central and state governments and regulatory agencies in India or failure to obtain or renew any licenses and permits, could adversely affect our business, results of operations and financial condition.*

We operate in a highly regulated industry and our operations are subject to extensive regulation governing the Indian pharmaceutical market. Applicable regulations have become increasingly stringent, a trend which may continue in the future. The penalties for non-compliance with these regulations can be severe, including the revocation or suspension of our license and imposition of fines.

For further details, see “Key Industry Regulations and Policies” on page 113 and “Government and other Statutory Approvals” on page 277.

25. *Reforms in the health care industry and the uncertainty associated with pharmaceutical pricing and related matters could adversely affect the pricing and demand for our products.*

In India, pharmaceutical prices are subject to regulation and the Government has been actively reviewing prices for pharmaceuticals and margins offered to trade. The existence of price controls can limit the revenues we earn from our products. Further, if our ability to freely set prices for our products is restricted by government regulation, our revenues and earnings may be reduced. While we cannot predict the nature of the measures that may be adopted by governmental organizations or their effect on our business and revenues, the announcement or adoption of such proposals to control drug prices may affect our result of operations.

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



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

Risks Related to Our Equity Shares and Equity Share Holders

27. *The issue price of the Equity Shares in the Rights Issue may not be indicative of the market price of the Equity Shares after the Rights Issue.*

The Rights Issue price of the Equity Shares has been arrived at based on numerous factors, as described under "Basis for Issue Price" on page 68 and may not be indicative of the market price for the Equity Shares after the Rights Issue. No assurance can be given regarding the price at which the Equity Shares will be traded after the issue or whether you will be able to resell your Equity Shares at or above the Issue Price.

Further, the trading price of our Equity Shares may fluctuate due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors, the Indian Capital Markets, changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments.

In addition, if the stock markets experience a loss of investor confidence, the trading price of our Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of our Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Each of these factors, among others, could materially affect the price of our Equity Shares and no assurance can be given that the price at which our Equity Shares are offered in this Rights Issue will correspond to the prices at which they will trade in the market subsequent to this Issue.

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

The Equity Shares of our Company are listed on BSE Limited. Presently, there is limited and sporadic trading in Equity Shares of our Company. The details of trades and volumes in the scrip executed on BSE during the years 2015 to 2017 and for the period from January 2018 to August 2018 have been disclosed on page 289 of the DLOF. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Rights Issue.

29. *Our Promoters, together with our Promoter Group, will continue to retain majority shareholding in our Company after the proposed rights issue, which will allow them to exercise significant control over us and influence the outcome of matters submitted to shareholders for approval.*

As on date of the DLOF, our Promoters and the members of our Promoter Group hold 59.77% of the issued equity share capital of our Company. As the Promoters have undertaken to subscribe to their rights entitlement in full and also subscribe to any shortfall in the rights issue, their shareholding will continue to be the same or even higher. Thus, a significant control of our Company will be at the discretion of our Promoter and members of the Promoter Group. As a result, our Promoter and members of our Promoter Group will have the ability to control our

business, including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it's in our Company's best interest. In addition, for so long as our Promoter and the members of our Promoter Group continue to exercise significant control over our Company they may influence the material policies of our Company in a manner that could conflict with the interests of our other shareholders. Our Promoter and the members of our Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree.

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

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

- 31. *We have not declared dividends to equity shareholders since 2005. Our ability to pay dividends in the future will depend on our future earnings, financial condition, working capital requirements and capital expenditures.***

We are presently a loss-making Company with a negative net worth as at March 31, 2018 and have not been declaring dividends since past several years. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows, working capital requirements and our capital expenditure. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any financing arrangements. Even if we make profits in the future, we may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends at any point in the future. For details of dividend policy, please see section "Dividend Policy" on page 170.

- 32. *Any future issuance of Equity Shares may dilute your shareholdings, and sales of the Equity Shares by our major shareholders may adversely affect the trading price of our Equity Shares.***

Any future equity issuances by our Company may lead to the dilution of investors' shareholding in our Company. In addition, any sale of substantial Equity Shares in the public market after the completion of this Issue, including by our major shareholders, or the perception that such sales could occur, could adversely affect the market price of the Equity Shares and could significantly impair our future ability to raise capital through offerings of the Equity Shares. We cannot predict what effect, if any, market sales of the Equity Shares held by the major shareholders of our Company or the availability of these Equity Shares for future sale will have on the market price of our Equity Shares.

- 33. *We cannot assure you that our Equity Shares being issued pursuant to the Rights Issue will be listed on the BSE and NSE in a timely manner or at all, which may restrict your ability to dispose***



of the Equity Shares.

In terms of the SEBI (ICDR) Regulations, 2009, as amended from time to time, we are required to obtain in-principle approval for listing of our Equity Shares being issued on rights basis. We will be applying to BSE and NSE for their in-principle approval to list our shares to be issued pursuant to the rights issue. Permission for final listing and approval for trading of the Equity Shares will be granted only after the Equity Shares offered in this Issue have been allotted. Approvals from BSE and NSE will require all relevant documents authorizing the issuing of the Equity Shares to be submitted to it. There could be a failure or delay in listing the Equity Shares on the BSE and NSE. Further, certain procedural and regulatory requirements of SEBI and the Stock Exchange(s) are required to be completed before the Equity Shares are listed and trading commences. We cannot assure you that the trading in the Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining the approvals would restrict your ability to dispose off your Equity Shares.

34. ***There may be restrictions on daily movements in the price of our Equity Shares, which can adversely affect shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point of time.***

Subsequent to listing, our Company's shares may be subject to a daily circuit breaker or such other restrictions including additional special margins that may be imposed on trading in securities of listed companies by the BSE or NSE, whereby transactions crossing certain volatility limit in the price of its Equity Shares may be restrained or not be allowed. The circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchange(s). The percentage limit on our Company's circuit breaker is set by the Stock Exchanges based on certain factors such as the historical volatility in the price and trading volume of the Equity Shares. Stock Exchanges are not required to inform us of the percentage limit of the circuit breaker from time to time. This circuit breaker, if imposed, would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, we cannot assure that the shareholders will be able to sell the Equity Shares at desired prices.

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

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

EXTERNAL RISK FACTORS

36. ***The GoI has implemented a new national tax regime in the form of Goods & Services Tax (GST).***

The GoI has implemented a comprehensive national GST regime that has combined taxes and levies by the Central and State Governments into a unified rate structure. GST is a dual levy with state GST and central GST. Central GST has replaced the previous central taxes and duties such as excise duty, service tax, counter vailing duty, special additional duty of customs, central charges and cesses. The state GST has replaced previous local state taxes like VAT, CST, octroi and others including state cesses and charges.

Any future increases or amendments may affect the overall tax efficiency of companies operating

in India and may result in significant additional taxes becoming payable.

To ensure compliance with the requirements of the GST laws, we may also need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

37. *Global economic, political and social conditions may harm our ability to export our products and thereby affect our future revenues.*

Global economic conditions and other factors that are beyond our control may have bearing on the exports of the Company and future revenue. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, changes in the foreign trade policy of the Government, variation in Customs / Excise rates etc.

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

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

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

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

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

40. *Regulatory and/or statutory changes may adversely affect our business operations or financial conditions.*

Regulatory and/or statutory changes relating to business segments in which we operate can have a bearing on our business. Any negative changes in the regulatory and/or statutory conditions in business segment in which we operate in India or our geographic markets could adversely affect our business operations or financial conditions.

41. *The Pharmaceutical industry in India is highly regulated by the Government of India under The Drugs (Prices Control) Order (DPCO).*

Any adverse change in the Government Policy in terms of margins or prices of the products that we manufacture would affect our Company's performance. Some of the formulations manufactured from products that were being manufactured at our plant for certain clients have / may come under DPCO thereby making the products unviable for our clients, resulting in discontinuation of their business with us. In case Government regulations impose restrictions on our Company's ability to sell products at certain price, it may result in a loss of revenue and profits.

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

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action. Any slowdown in the Indian economy may adversely impact our business and financial performance and the price of our Equity Shares. Certain events that are beyond our control, such as terrorist attacks and other acts of violence or war, including those involving India or other countries, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy. Southern Asia has, from time to time, experienced instances of civil unrest and political tensions and hostilities among neighbouring countries.

43. *Natural calamities could have a negative effect on the Indian economy and adversely affect our Company's business.*

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



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

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



PROMINENT NOTES

1. Present Issue size - [●] Equity Shares of face value of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share including a share premium of Rs. [●] per Equity Share aggregating to an amount not exceeding Rs. 2,500 Lakhs to the existing Equity Shareholders on a rights basis in the ratio of [●] Equity Share for every [●] Equity Shares held by them on the Record Date (i.e. [●]).
2. As on March 31, 2018 our net worth was Rs. (1,777.92) lakhs as described in the chapter “Financial Information” on page 171.
3. The book value per Equity Share was Rs. (12.94) as on March 31, 2018, as described in the Chapter “Financial Information” beginning on page 171.
4. The average cost of acquisition of Equity Shares by our promoters as on date of this Letter of Offer is as under :

Promoter	Average cost of acquisition per share
Dr. R.T. Ravi	Rs. 141.65*
Mr. Avinash Ravi	Rs. 52.59*
Ipca Laboratories Limited	Rs. 53.56

*As certified by Nagendra & Co., Chartered Accountants (Firm Regn No. 013450S) vide their certificate dated September 24, 2018.

5. The Company has entered related party transactions aggregating Rs. 10,699.18 lakhs during the FY 2017-18. For details of our transactions with the related parties during FY 2017-18 as per AS 18, the nature of such transactions and the cumulative value of such transactions, please see the chapter “Financial Information” on page 211.
6. There has been no financing arrangement whereby the Promoter Group, the Directors of our corporate Promoter, our Directors and their relatives have financed the purchase by any other person of our securities other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Letter of Offer with SEBI.
7. The issue price has been arrived at in consultation between the issuer and the Lead Manager
8. Investors may contact the Lead Manager for any complaint, clarifications and information pertaining to the Issue. Any clarification or information relating to this Issue shall be made available by the Lead Manager to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, application number, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Bid-cum-Application Form has been submitted by the ASBA Bidder.

Contact Details of the Issuer, Lead Manager and the Registrars to the Issue

Issuer Company	Lead Manager to the Issue	Registrars to the Issue
Krebs Biochemicals & Industries Limited 8-2-577/B, Plot No. 34, 3rd Floor, Maas Heights, Road No.8, Banjara Hills, Hyderabad -500034 Tel : 040-66808040 e-mail : investors@krebsbiochem.com	Arihant Capital Markets Limited 1011, Solitaire Corporate Park Building No. 10, 1 st floor, Guru Hargovindji Marg, Chakala, Andheri (E), Mumbai - 400 093 Tel : 022-42254800 e-mail : mbd@arihantcapital.com	Karvy Computershare Private Limited Karvy Selenium Tower B Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500 032 Tel : 040-33215130 e-mail : murali.m@karvy.com

SUMMARY OF INDUSTRY

Biochemistry is the branch of science that explores the chemical processes within and related to living organisms. It is a laboratory based science that brings together biology and chemistry. By using chemical knowledge and techniques, biochemists can understand and solve biological problems. Biochemistry focuses on processes happening at a molecular level. It focuses on what's happening inside our cells, studying components like proteins, lipids and organelles. It also looks at how cells communicate with each other, for example during growth or fighting illness. Biochemistry covers a range of scientific disciplines, including genetics, microbiology, forensics, plant science and medicine. Because of its breadth, biochemistry is very important and advances in this field of science over the past 100 years have been staggering.

(Source: <http://www.biochemistry.org/Education/BecomingaBiochemist.aspx>)

Biotechnology is technology that utilizes biological processes and/or biological materials. Over the past few decades, scientific and technological advances have enabled biotechnology to use of some of the smallest parts of organisms, including their cells and genetic material, for a number of commercial and scientific applications. Nevertheless, biotechnology is still considered to be in its infancy, and many companies remain at a development stage.

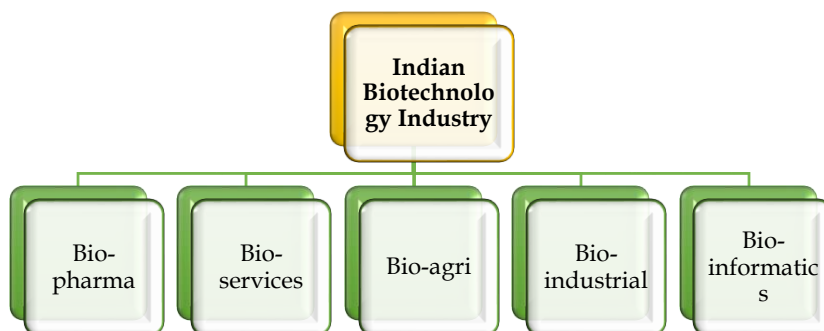
BIOTECHNOLOGY IN INDIA

The biotechnology sector of India is highly innovative and is on a strong growth trajectory. The sector, with its immense growth potential, will continue to play a significant role as an innovative manufacturing hub. The sector is one of the most significant sectors in enhancing India's global profile as well as contributing to the growth of the economy.

India is among the top 12 biotech destinations in the world and ranks third in the Asia-Pacific region. India has the second-highest number of US Food and Drug Administration (USFDA)-approved plants, after the USA and is the largest producer of recombinant Hepatitis B vaccine. Out of the top 10 biotech companies in India (by revenue), seven have expertise in bio-pharmaceuticals and three specialise in agri-biotech.

India has no dearth of talent in biotechnology, as a number of institutions, both government and autonomous, provide the necessary opportunities for the students seeking to obtain a degree in this sector. The Government of India has provided adequate scope to this sector by providing facilities for Research and Development (R&D) in the field of biotechnology.

Indian Biotechnology industry is divided into five parts:

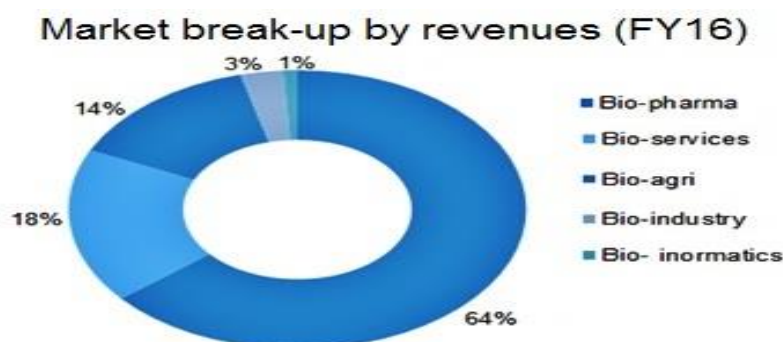


- Bio-pharmaceutical products are therapeutic or preventative medicines that are derived from materials naturally present in living organisms, using recombinant DNA (rDNA) technology.
- Bio-services mainly include clinical research & CRO along with custom manufacturing
- Bio-agriculture is segmented into hybrid seeds, transgenic crops, bio-pesticides & bio-fertilisers.
- Bio-industrial predominantly comprises enzyme manufacturing & marketing companies.
- Bio-informatics deals with the creation & maintenance of extensive electronic databases on various biological systems; industry.

Market Break-up by revenues

The Indian biotech sector is divided into five major segments- bio-pharma, bio-services, bio-agri, bio-industrial and bio-informatics. The bio-pharmaceutical sector accounts for the largest share of the biotech industry.

- The bio-pharmaceutical segment accounted for largest revenue share of 64 per cent in India biotech industry, during FY16.
- In FY16, the bio-services and bio-agri segments accounted for 18.0 per cent and 14.0 per cent of the biotech industry, respectively.
- India is becoming a leading destination for clinical trials, contract research and manufacturing activities which is leading to the growth of bio services sector.



Source: ASSOCHAM, Makeinindia, TechSci Research,

(Source: <https://www.ibef.org/industry/biotechnology-india.aspx>, <https://www.ibef.org/download/Biotechnology-June-2017.pdf>)

Statistics

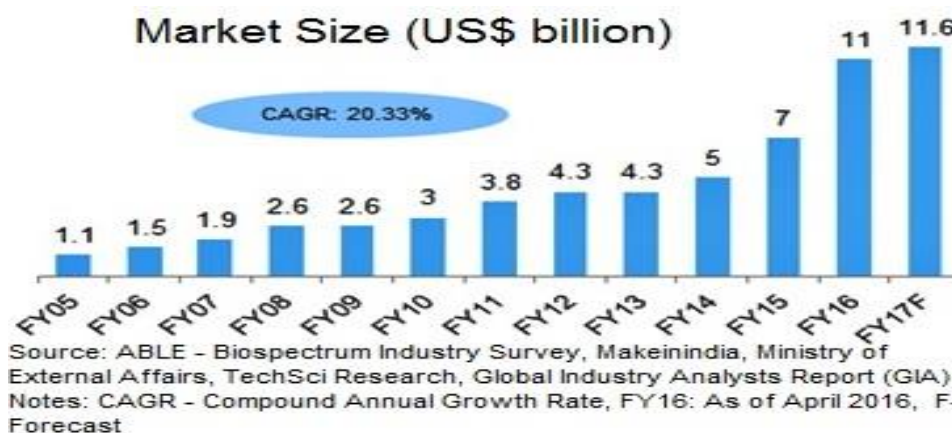
- The Indian biotech industry is expected to grow at 30.46 percent CAGR to reach USD 100 billion by 2025.
- The Biotechnology Industry in India has grown from \$1.1 billion in 2005 to \$7 billion in 2015 and is expected to reach \$11.6 billion in 2017.
- The growth is due to a range of positive trends such as growing demand for healthcare services, increase demand for food & nutrition intensive R&D activities and strong government initiatives.
- The Indian biotech sector is divided into five major segments- bio-pharma, bio-services, bio-agri, bio-industrial and bio-informatics.
- The bio-pharmaceutical sector accounts for the largest share of the biotech industry with a share of 62% of total revenues in 2015, followed by bio-services (18%), bio-agri (15%), bio-industrial (4%) and bio-informatics (1%).

- Supported 104 new start-ups, 346 companies, 509 projects including 115 collaborative projects through BIRAC, a Public Sector Unit of Government of India.
- 100 Intellectual Property facilitated.
- 175,000 sq. ft. of bio incubation space created and the target to support 50 world class bio incubators by 2020.
- 5 University Innovation Clusters created and 1 regional innovation center.
- Growth Drivers
- The sector has seen high growth with a CAGR in excess of 20% and the key drivers for growth in the biotech sector are increasing investments, outsourcing activities, exports and the government's focus on the sector.
- Cost-effective manufacturing capabilities as compared to other manufacturing economies.
- Accelerated clearances for Green/Brownfield Projects.
- Clear regulatory guidelines for biotech sector.
- Leading Public institutes and universities which produces a strong pool of skilled manpower.
- The setting up of national research laboratories, centres of academic excellence in biosciences, several medical colleges, educational and training institutes offering degrees and diplomas in biotechnology, bio-informatics and biological sciences.
- Fast developing clinical capabilities with the country becoming a popular destination for clinical trials, contract research and manufacturing activities.
- Establishment of industry oriented organization - BIRAC to support biotech start-ups and SMEs through funding, mentoring, handholding and infrastructure support.
- Setting up on an Early Translation Accelerator (ETA) by BIRAC to focus on catalyzing transformation of young academic discoveries with possible commercial and societal impact into economically viable ventures and technologies.

(Source: <http://www.makeinindia.com/sector/biotechnology>)

Growth biotechnology in India

- Growing at a faster pace, in comparison with the previous years, the Indian biotech industry witnessed YoY growth of 57.14 per cent in FY16; the total industry size stood at US\$ 11 billion by FY16 and is estimated to reach US\$ 11.6 billion by FY17
- Fast-paced growth is likely to continue; the industry is expected to increase in size to US\$ 11.6 billion by 2017, driven by a range of factors such as growing demand, intensive R&D activities and strong government initiatives



(Source: <https://www.ibef.org/industry/biotechnology-india.aspx>)

PHARMACEUTICAL INDUSTRY IN INDIA

Introduction

India is the largest provider of generic drugs globally. Indian pharmaceutical sector industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicine in UK.

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.

Market Size

The pharmaceutical sector was valued at US\$ 33 billion in 2017. The country's pharmaceutical industry is expected to expand at a CAGR of 22.4 per cent over 2015-20 to reach US\$ 55 billion. India's pharmaceutical exports stood at US\$ 17.27 billion in 2017-18 and are expected to reach US\$ 20 billion by 2020.

Indian companies received 304 Abbreviated New Drug Application (ANDA) approvals from the US Food and Drug Administration (USFDA) in 2017. 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).

Growth

- The Indian pharmaceuticals market witnessed growth at a CAGR of 5.64 per cent, during FY11-16, with the market increasing from US\$ 20.95 billion in FY11 to US\$ 27.57 billion in FY16. The industry's revenues are estimated to have grown by 7.4 per cent in FY17.
- Indian pharmaceutical market grew 5.5 per cent in CY2017 in terms of moving annual turnover. In March 2018, the market grew at 9.5 per cent year-on-year with sales of Rs 10,029 crore (US\$ 1.56 billion).
- By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and 6th largest market globally in absolute size.
- Increase in the size of middle class households coupled with the improvement in medical infrastructure and increase in the penetration of health insurance in the country will also influence in the growth of pharmaceuticals sector.



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\$ 15.59 billion between April 2000 and December 2017, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Some of the recent developments/investments in the Indian pharmaceutical sector are as follows:

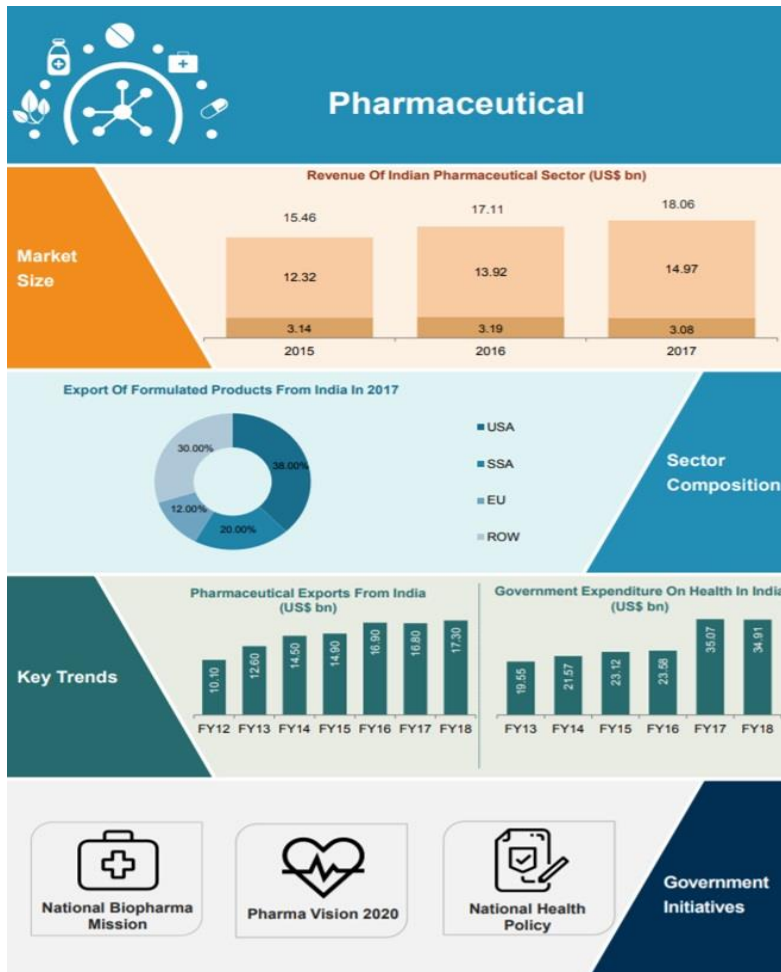
- In 2017, Indian pharmaceutical sector witnessed 46 merger & acquisition (M&A) deals worth US\$ 1.47 billion.
- The exports of Indian pharmaceutical industry to the US will get a boost, as branded drugs worth US\$ 55 billion will become off-patent during 2017-2019.#

Government Initiatives

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

- The National Health Protection Scheme is largest government funded healthcare programme in the world, which is expected to benefit 100 million poor families in the country by providing a cover of up to Rs. 5 lakh (US\$ 7,723.2) per family per year for secondary and tertiary care hospitalisation. The programme was announced in Union Budget 2018-19.
- In March 2018, the Drug Controller General of India (DCGI) announced its plans to start a single-window facility to provide consents, approvals and other information. The move is aimed at giving a push to the Make in India initiative.
- The Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy, in order to stop any misuse due to easy availability.
- 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.
- 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

Pharmaceuticals industry at a Glance:





SUMMARY OF BUSINESS

We are engaged in manufacturing and marketing of fermentation based APIs (Active Pharmaceutical Ingredients) having manufacturing facilities at Nellore and Visakhapatnam in the state of Andhra Pradesh.

We manufacture bulk active pharmaceutical ingredients, pharmaceutical intermediates, fine chemicals and nutraceuticals utilizing two revenue streams:

- Contract manufacturing for large pharmaceutical and multinational companies
- Development of our products for sale in global markets

We develop commercially viable biotech processes for application in medicine, agriculture and industry. Our Company had also in the past undertaken contract manufacturing for large pharmaceutical and multinational companies and developing products for sale in global markets. We possess expertise and infrastructure in chemical synthesis, fermentation and enzymatic technologies.

We ensure that all our manufacturing processes are conducted in line with the current Good Manufacturing Practices and adopt and implement the guidelines of ICH, APIC and other Regulatory Authorities.

Regulatory Authorities, customers and Certification Agencies periodically inspect our manufacturing units. Drugs Control Administration, Government of Andhra Pradesh has certified our Nellore and Visakhapatnam units as GMP unit vide their letters dated November 20, 2017 and November 22, 2017 respectively. These Certificates are valid for one year from the date of issue i.e. upto November 20, 2018 and November 22, 2018, respectively. Over the last few years our plant has been subjected to several international audits and has been acknowledged as a plant meeting the GMP standards. Our Visakhapatnam manufacturing facility has been approved by several regulatory agencies including European Directorate for Quality of Medicines (EDQM), AFSSAPS and Norwegian Medicines Agency.

Our present manufacturing facilities:

We have two manufacturing plants in Andhra Pradesh, India - one in Nellore and other in Visakhapatnam. Both Units are equipped for chemical synthesis, fermentation and enzymatic technologies providing us with significant production capacity and capability.

Our Company is currently manufacturing the following products :

Product	Application	Manufactured at
Simvastatin	Anti-cholesterol	Unit 2 - Visakhapatnam
Serratiopeptidase	Anti-inflammatory	Unit 2 - Visakhapatnam
Phenylephrine	Cold and cough	Unit 1 - Nellore

We also manufacture API Lovastatin, which is used by us for production of Simvastatin.



COMPETITIVE STRENGTHS

(a) Experienced management

We have an experienced management team working under the guidance of our Chairman Dr. R. T. Ravi, who has done PhD in biochemistry and has over 40 years of experience in applied biochemical research. The entry of Ipca Laboratories Ltd., as a promoter of our Company since 2015 is also expected to significantly contribute to our growth given their experience and track record as a successful pharmaceutical company with global operations.

(b) Manufacturing facilities:

We have well-equipped manufacturing facilities in two locations at Visakhapatnam and Nellore in Andhra Pradesh. Our facilities enable us to manufacture a range of products having demand in domestic and international market. Our Visakhapatnam unit is EDQM approved manufacturing facility.

(c) Expertise in fermentation technology:

We are one of the few organized players having expertise in the area of chemical synthesis, fermentation and enzymatic technologies.

(d) Strategic partnership with Ipca Laboratories Ltd.

Our strategic partnership with Ipca Laboratories Ltd., who are one of our Promoters, offers scope for enhancing our geographical reach and market penetration.

Weaknesses/ Challenges

- Our Company is operating in a competitive environment having presence of strong players in the segment. However, we believe, we have carved out our own space in the market and that the demand for APIs we manufacture is strong enough to absorb the capacities of the existing players.
- Our Company has been incurring losses since last several years. Our plants were shut down during 2013-14 owing to which the manufacturing and allied facilities have remained unutilised for long period of time. We may have to refurbish many of these facilities to bring our manufacturing capabilities to its optimal level, for which infusion of funds is required.
- The maintenance of the manufacturing plant continually compliant with current Good Manufacturing Practices is a challenging task and requires significant financial outlay as well as technical manpower skills in the organisation.
- The risk of price erosion in the regulated generic market due to intense competition is also a concern. However, we propose to develop products in niche segments/areas where competition is relatively lower. Our proposal to set up facilities for manufacture of intermediate for anti-convulsant drug is an initiative towards this strategy.



BUSINESS STRATEGY

1. Contract Manufacturing Activity which we were earlier undertaking for the domestic industry has undergone a rough phase during the last several years due to (i) intense competition, (ii) increased GMP Requirements, (iii) steep hike in input costs. Besides, some of the products that were being manufactured at our plant for certain clients have come under DPCO thereby making the products unviable for our clients, resulting in discontinuation of contract manufacturing with us. These factors have impacted the viability of domestic contract manufacturing activity. To mitigate this risk, the Company ventured into research and manufacturing services for the overseas market in addition to the manufacturing activity for the domestic market through its own manufacture of APIs such as **Phenylephrine, Simvastatin** and **Serratiopeptidase**.
2. As part of our long-term strategy, we undertook a major restructuring exercise during the year 2015 and entered into a strategic alliance with Ipca Laboratories Limited. The strategic alliance provided for (i) change of management control with additional equity funds infusion to retire all high cost debts, pay all the defaulted statutory outstandings and also meet our working capital and capital expenditure requirements; (ii) Technical support for the improvement of GMP compliances, quality standards and development of new products; and (iii) marketing support for marketing of our APIs through Ipca's experienced marketing team
3. This strategic alliance also helped us in restarting our manufacturing facilities which were non-operational for quite sometime.

FUTURE PROSPECTS

As our units were closed for considerable period of time, the process of restarting the manufacturing facilities has been gradually gaining momentum and with the proposed capital expenditure programme, we expect to have the manufacturing facilities to be fully functional. This will enable us to improve capacity utilisation of our plants in the coming years.



SUMMARY OF FINANCIAL INFORMATION

Statement of Assets & Liabilities (as Restated)

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
ASSETS				
1.Non -Current Assets				
Property, Plant and Equipment	9,790.70	9,892.99	9,857.34	9,181.17
Capital Work in Progress	220.97	218.94	350.31	1,054.19
Other Intangible Assets	343.50	338.57	359.88	128.94
Financial Assets	112.84	109.90	65.44	54.90
Other Non-Current Assets	328.50	303.33	277.38	305.23
Total Non -Current Assets	10,796.51	10,863.73	10,910.35	10,724.43
2.Current Assets				
a)Inventories	780.54	1,172.84	545.49	563.56
b)Financial Assets				
i)Trade Receivables	16.89	32.48	158.83	2.78
ii)Cash and Cash Equivalents	9.96	41.85	11.71	26.81
iii)Other Financial Assets	26.05	33.52	174.79	18.46
c) Other Current Assets	344.00	443.18	410.06	310.86
Total Current Assets	1,177.44	1,723.87	1,300.88	922.47
Total Assets	11,973.95	12,587.60	12,211.22	11,646.90
EQUITY AND LIABILITIES				
1. Equity				
a) Equity Share Capital	1,374.43	1,374.43	1,374.43	1,306.43
b)Money received against Share warrants	-	-	-	367.20
c) Other Equity	(3,711.54)	(3,152.35)	(1,328.33)	(350.30)
Total Equity	(2,337.11)	(1,777.92)	46.10	1,323.33
Liability				
1. Non-Current Liabilities				
a) Financial Liabilities				
(i) Long Term Borrowings	5,191.81	5,166.17	4,278.74	2,530.96
b) Provisions	356.55	351.95	360.69	313.15
c) Other Non-Current Liabilities	4,344.00	4,333.05	4,327.27	4,500.00
Total Non-Current Liabilities	9,892.36	9,851.17	8,966.70	7,344.11
2. Current Liabilities				
a) Financial Liabilities				
(i) Trade Payables	1,653.78	1,776.00	1,099.30	1,236.65
b) Other Current Liabilities	2,615.69	2,596.52	1,985.55	1,646.02
c) Provisions	149.23	141.83	113.58	96.79
Total Current Liabilities	4,418.70	4,514.35	3,198.42	2,979.46
Total Equity and Liabilities	11,973.95	12,587.60	12,211.22	11,646.90



Statement of Profit & Loss (as Restated)

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
I. Revenue from Operations	654.74	2,538.24	197.02	17.79
II. Other Operating Income	239.93	839.67	156.00	123.17
III. Other Income	3.00	20.61	13.51	105.40
III. Total Revenue (I+II)	897.67	3,398.52	366.53	246.36
IV. Expenses				
Cost of Materials Consumed	114.28	1,712.36	133.99	177.26
Changes in Inventories of Finished Goods & Work-In-Progress	339.21	(441.83)	(41.68)	(162.69)
Employee Benefit Expenses	347.42	1,216.61	650.99	633.47
Finance Costs	142.40	516.52	348.85	73.88
Depreciation and Amortisation Expense	107.37	414.97	423.37	448.62
Other Manufacturing Expenses	304.49	1,320.56	176.80	449.13
Other Expenses	77.90	335.95	268.79	314.87
Total Expenses	1,433.07	5,075.14	1,961.11	1,934.54
V. Restated Net Profit/ (Loss) before exceptional and extraordinary items and tax (III - IV)	(535.40)	(1,676.62)	(1,594.58)	(1,688.18)
VI. Exceptional items				
-Depletion in value of Inventory	-	(95.35)	(67.56)	(126.93)
-Debit balances written off	-	(0.89)	-	(0.93)
-Amounts Written Back	-	-	31.66	96.49
-Profit on Sale of Fixed Assets	-	14.83	-	59.12
VII. Restated Net Profit / (Loss) before extraordinary items and tax (V - VI)	(535.40)	(1,758.03)	(1,630.48)	(1,660.43)
VIII. Extraordinary items	-	-	-	-
IX. Restated Net Profit/ (Loss)before tax (VII-VIII)	(535.40)	(1,758.03)	(1,630.48)	(1,660.43)
X. Tax expense:				
-Current Tax	-	-	-	-
-Deferred tax	-	-	-	-
XI. Restated Profit (Loss) for the period from continuing operations (IX-X)	(535.40)	(1,758.03)	(1,630.48)	(1,660.43)
XII. Other Comprehensive Income				
A (i) Items that will not be reclassified to profit or loss	2.80	43.88	(25.96)	(3.57)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	-
B (i) Items that will be reclassified to profit or loss	(26.59)	(109.88)	379.21	-
(ii) Income tax relating to Items that will be reclassified to profit or loss	-	-	-	-
Other comprehensive income for the year	(23.79)	(66.00)	353.25	-3.57
XIII. Total Comprehensive Income for the period (XI+XII) (comprising Profit/(Loss) & other comprehensive Income for the period)	(559.19)	(1,824.03)	(1,277.23)	(1,664.00)
XIV. Earning per Equity Share (For Continuing Operations)				
1) Basic	(4.07)	(13.27)	(9.29)	(12.74)
2) Diluted	(4.07)	(13.27)	(9.37)	(13.50)
Notes forming part of financial statements				



Statement of Standalone Cash Flow (As Restated)

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Cash Flow from operating activities				
Net Profit Before Tax and exceptional items	(535.40)	(1,676.62)	(1,594.58)	(1,688.18)
Adjustments for:				
Depreciation and Amortisation	107.37	414.97	423.37	448.62
Financial Charges	142.40	516.52	348.85	73.88
Exceptional Items	-	(81.41)	(35.90)	27.75
Other Income	(3.00)	(20.61)	(13.51)	(105.40)
Other Comprehensive Income	(23.79)	(66.00)	353.25	(3.57)
Operating Profit Before Working Capital Changes	(312.42)	(913.15)	(518.52)	(1,246.90)
Changes in Working Capital				
(Increase)/ Decrease in Inventories	392.30	(627.35)	18.07	(18.25)
(Increase)/ Decrease in Trade Receivables	15.59	126.35	(156.05)	30.47
(Increase)/ Decrease in Financial Assets	(2.94)	(44.46)	(10.54)	(1.67)
(Increase)/ Decrease in Other Financial Assets	7.47	141.27	(156.33)	23.98
(Increase)/ Decrease in Other Current Assets	99.19	(33.12)	(99.20)	(97.29)
(Increase)/ Decrease in Other Non-Current Assets	(25.16)	(25.95)	27.85	(79.95)
Increase/ (Decrease) in Trade Payables	(122.22)	676.71	(137.36)	(417.62)
Increase/ (Decrease) in Other Current Liabilities	19.17	610.97	339.53	377.23
Increase/ (Decrease) in Non-Current Provisions	4.60	(8.74)	47.55	37.07
Increase/ (Decrease) in Current Provisions	7.41	28.25	16.79	39.77
Cash Flow Generated from Operations	395.40	843.92	(109.69)	(106.26)
Financial Charges	(142.40)	(516.52)	(348.85)	(73.88)
Direct Tax Paid	-	-	-	-
Net Cash Flow from Operating Activities (A)	(59.42)	(585.75)	(977.06)	(1,427.04)
(Increase)/Decrease of Property, Plant and Equipment	-	(430.49)	(1,099.54)	211.38
(Increase)/Decrease of Capital Work-in-Progress	(2.04)	131.37	703.88	(1,054.19)
(Increase)/Decrease of Intangible Assets	(10.04)	1.19	(230.94)	238.06
Other Income	3.00	20.61	13.51	105.40
Net Cash Flow from Investing Activities (B)	(9.08)	(277.32)	(613.09)	(499.35)
Proceeds from Long Term Borrowing	25.64	887.43	1,747.78	766.25
Increase/ (Decrease) in Share Capital	-	-	68.00	355.00
Increase/ (Decrease) in Share Application Money	-	-	299.20	-1,917.00
Increase/ (Decrease) in Share Warrants	-	-	(367.20)	-
Increase/ (Decrease) in Share Premium	-	-	-	1,562.00
Increase/ (Decrease) in Other Non-Current Liabilities	10.96	5.78	(172.73)	556.00
Net Cash Flow from Financing Activities (C)	36.60	893.21	1,575.05	1,322.25
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(31.89)	30.14	(15.10)	(604.14)
Cash & Cash equivalent at the beginning of the year	41.85	11.71	26.81	630.95
Cash & Cash Equivalent at the end of the year	9.96	41.85	11.71	26.81



Statement of Assets & Liabilities (as Restated)

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
EQUITY AND LIABILITIES		
Shareholder's funds:		
Share capital	951.43	951.43
Reserves and surplus	(1,353.99)	(527.47)
Money received against share warrants	367.20	-
	(35.36)	423.95
Share application money pending allotment	1,917.00	-
Non-current liabilities		
Long-term borrowings	5,708.71	2,231.93
Long-term provisions	81.09	70.76
	5,789.80	2,302.70
Current liabilities		
Short-term borrowings	-	347.94
Trade payables	1,654.27	1,979.17
Other current liabilities	1,268.78	8,472.84
Short-term provisions	252.00	252.76
	3,175.04	11,052.71
TOTAL	10,846.48	13,779.36
ASSETS		
Non-current assets		
Fixed assets		
(i) <i>Tangible assets</i>	5,097.94	5,058.48
(ii) <i>Intangible assets under development</i>	746.28	712.61
Deferred Tax asset (Net)	131.30	131.30
Long-term loans and advances	1,211.82	1,835.05
Other Non-current assets	2,169.80	2,159.65
	9,357.15	9,897.09
Current assets		
Inventories	545.30	3,082.44
Trade receivables	37.28	61.92
Cash and cash equivalents	630.94	35.61
Short-term loans and advances	275.81	702.30
	1,489.33	3,882.27
TOTAL	10,846.48	13,779.36



Statement of Profit & Loss (as Restated)

(Rs. in lakhs)

Particulars	6 Months ended 31.03.2015	15 Months ended 30.09.2014
INCOME :		
Other income	2.40	3.41
Total Revenue	2.40	3.41
EXPENDITURE :		
Cost of material consumed	-	0.00
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	-	-
Employee benefits expense	194.93	94.45
Finance costs	402.85	8.41
Depreciation	187.13	-
Other expenses	306.45	354.71
Total Expenses	1,091.36	457.57
Profit before extra - ordinary items & tax (I - II)	(1,088.96)	(454.16)
Exceptional Items:		
Depletion in value of Inventory	(2,637.91)	-
Debit balances written off	(692.16)	-
Waiver of Principal of Bank Loans & Others	3,625.17	
Amounts Written Back		15.55
Actuarial Gain on Gratuity		107.77
	(793.86)	(330.84)
Tax expenses:		
Current tax		
Deferred tax Asset / (Liability)	-	(39.99)
Profit/(Loss) for the period (III - IV)	(793.86)	(370.83)
Earnings per equity share of par value Rs 10/- each		
Basic	(8.34)	(3.90)
Diluted	(8.34)	(3.90)
No. of shares used in computing earnings per share		
Basic	95,14,286	95,14,286
Diluted	95,14,286	95,14,286
Notes forming part of financial statements		



Statement of Standalone Cash Flow (As Restated)

(Rs. in lakhs)

Particulars	6 Months ended 31.03.2015	15 Months ended 30.09.2014
Net Profit before tax and extraordinary items	(1,088.96)	(454.16)
Adjustments for:		
Depreciation	187.13	-
Financial Charges	402.85	8.41
Exceptional Items	295.10	123.32
Interest received /Other Income	(2.40)	(3.41)
Operating Profit before Working Capital Changes	(206.28)	(325.84)
Changes in Working Capital	-	-
(Increase)/Decrease in Trade Receivables	14.49	29.85
(Increase)/Decrease in Inventories	2,537.13	-
(increase)/Decrease in Long Term Loans & Advances	623.34	(21.92)
(increase)/Decrease in Short Term Loans & Advances	426.49	(68.61)
(increase)/Decrease in Other Current Assets	-	1.76
Increase/(Decrease) in Long Term Provisions	10.32	(128.76)
Increase/(Decrease) in Short Term Provisions	(0.76)	229.19
Increase/(Decrease) in Trade Payables	(324.90)	4.30
Increase/(Decrease) in Other Current Liabilities	(7,204.05)	5,355.03
Cash generated from Operations	(3,917.94)	5,400.84
Financial Charges paid	(402.85)	(152.69)
Direct Taxes paid	(0.11)	-
Net Cash provided/(Used) from operating activities -(A)	(4,527.18)	4,922.31
(Increase) / Decrease of Fixed Assets	(292.92)	4.73
(Increase) / Decrease of Capital Work-in-Progress	-	-
Interest Received/Other Income	2.40	3.41
Net Cash used in Investing Activities -(B)	(290.52)	8.14
Proceeds from long term borrowings	3,476.78	(3,402.65)
Increase/(Decrease) in Utilisation of Working Capital Loans	(347.94)	(1,525.05)
Increase/(Decrease) in Share Capital	1,917.00	-
Increase/(Decrease) in Share Premium	-	-
Increase/(Decrease) in Share Warrants	367.20	-
Net Cash provided/(Used) from financing activities -(C)	5,413.04	(4,927.70)
Net Increase in Cash and Cash equivalents (A+B+C)	595.33	2.75
Cash and Cash equivalents as at the commencement of the year	35.61	32.86
Cash and Cash equivalents as at the close of the year	630.94	35.61

**THE ISSUE**

Equity Shares proposed to be issued by our company	[●] Equity Shares
Rights Entitlement	[●] Equity Share for every [●] Equity Shares held on the Record Date.
Record Date	[●]
Issue Price per Equity Share	Rs. [●] including premium of Rs. [●] per Equity Share
Equity Shares outstanding prior to the Issue	1,37,44,286 Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Terms of the Issue	For more information, refer to Section titled "Terms of the Issue" beginning on page no. [●] of this Letter of Offer.
Terms of Payment	On application: Entire amount of Rs. [●] per share shall be payable on application.
Utilisation of Issue proceeds	For details, please refer to the section titled "Objects of the Issue" beginning on page no. 57 of this Letter of Offer.

**GENERAL INFORMATION**

Pursuant to the resolution passed by the Board of Directors of our Company at its meeting held on July 30, 2018, it has been decided to make the following offer to the Equity Shareholders of our Company, with a right to renounce:

ISSUE OF [●] EQUITY SHARES OF RS. 10/- EACH (“EQUITY SHARES”) FOR CASH AT A PRICE OF RS. [●] PER SHARE (INCLUDING SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING TO AN AMOUNT NOT EXCEEDING RS. 2,500 LACS TO THE EXISTING SHAREHOLDERS OF OUR COMPANY ON RIGHTS BASIS IN THE RATIO OF [●] EQUITY SHARE FOR EVERY [●] EQUITY SHARES HELD BY THE EXISTING SHAREHOLDER(S) ON THE RECORD DATE, I.E. ON [●]

Our Company

Name of our company	KREBS BIOCHEMICALS & INDUSTRIES LIMITED
Registered Office	Kothapalli Village, Kasimkota Mandal, Anakapalli, Visakhapatnam - 531 031; A.P.
Registration Number (Corporate Identity No.)	L24110AP1991PLC103912
Address of Registrar of Companies	Registrar of Companies, Andhra Pradesh 2 nd floor, Corporate Bhavan, GSI Post Thattiannaram, Nagole, Bandlaguda, Hyderabad - 500 068 Tel : 040-29805427 e-mail : roc.hyderabad@mca.gov.in
Corporate Office	Plot No.34, 8-2-577/B, 3rd Floor, Maas Heights, Road No.8, Banjara Hills, Hyderabad, Telangana- 500034
Plant Locations	Unit 1 : Regadichelika (V), Kodavalur (M), Nellore (D), Andhra Pradesh 524316 Unit 2 : Kothapalli (V), Kasimkota (M), Anakapalli, Visakhapatnam (D), Andhra Pradesh 531031

Board of Directors of our Company

Sr. No.	Name	Designation
1	Dr. R T Ravi	Chairman & Non-executive Director
2	Mr. Avinash Ravi	Managing Director
3	Mr. Manish Jain	Non-executive Director
4	Mr. E J Babu	Non-executive Director
5	Mr. Raj Kamal Prasad Verma	Independent Director
6	Mr. G V L Prasad	Independent Director
7	Dr. Tangirala Malati	Independent Director
8	Mr. Satish Khivsara	Independent Director

For further details of our Directors, please see section “Our Management” on page 133.

Company Secretary & Compliance Officer

Name of the Compliance Officer	Ms. Haritha Varanasi
Address	8-2-577/B, Plot No. 34, 3rd Floor, Maas Heights, Road No.8, Banjara Hills, Hyderabad -500034
Telephone No.	040-66808040
E-mail	com_sec@krebsbiochem.com



Lead Manager to the Issue

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

Registrars to the Issue / Registrar & Transfer Agent of our Company

Name	Karvy Computershare Private Limited
SEBI Registration No.	INR000000221
Address	Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032
Telephone No	040-33215130
E mail:	murali.m@karvy.com
Website	www.karvycomputershare.com
Contact Person	Mr. Murali Krishna M

Auditors of our company

Name	M/s. Pavuluri & Co., Chartered Accountants
Address	Plot No. 48, Flat No. 301, 3 rd floor Micasa, Phase I, Kavuri Hills, Madhapur, Hyderabad - 500 033
Telephone No	040-29702638
E-mail	pavuluriandco@gmail.com

Principal Bankers to our company

Name	HDFC Bank Limited	Yes Bank Limited
Address	Plot No. 54, Road No. 7 Banjara Hills, Hyderabad - 500 034	Yes Bank Tower, IFC 2, 23 rd floor, Senapati Bapat Marg, Elphinstone (W) Mumbai - 400 013
Telephone No.	040-23356552	022-33669000
E-mail	pamula.manonmani@hdfcbank.com	communications@yesbank.in

Bankers to the Issue

Name	[•]
Address	[•]
SEBI Registration No.	[•]
Telephone No.	[•]
Fax No.	[•]
E-mail:	[•]
Contact Person	[•]

Chief Financial Officer

Name of the Chief Financial Officer	Mr. S. Phani Srinath
Address	8-2-577/B, Plot No. 34, 3rd Floor, Maas Heights, Road No.8, Banjara Hills, Hyderabad -500034
Telephone No.	040-66808040
E-mail	srinath.sp@krebsbiochem.com



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

Self Certified Syndicate Banks:

The list of banks that have been notified by SEBI to act as SCSB for the ASBA Process are provided on <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>

Credit Rating Details & IPO grading

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

Debenture Trustee

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

Monitoring Agency

In terms of SEBI ICDR, Chapter II, Regulation 16, the appointment of a monitoring agency is mandatory only if the issue size exceeds Rs. 100.00 Crores. Since the present issue size would not exceed Rs. 100.00 Crores no monitoring agency has been appointed.

Appraising Entity

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

Declaration by Board on creation of separate account

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

Inter-se Allocation of Responsibilities

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

No	Activities
1	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments.
2	Drafting and Design of the offer document and of advertisement / publicity material including newspaper advertisements and brochure / memorandum containing salient features of the offer document. To ensure compliance with the SEBI Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchange and SEBI.
3	Retail/Non-institutional marketing strategy which will cover, inter alia, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) bankers to the issue, (iii) collection centres (iv) distribution of publicity and issue material including composite application form and the abridged letter of offer and the letter of offer to the extent applicable.
4	Institutional marketing strategy to the extent applicable.
5	Selection of various agencies connected with the issue, namely Registrars to the Issue, Printers, and Advertisement agencies.



6	Follow-up with bankers to the issue to get quick estimates of collection and advising the issuer about closure of the issue, based on the correct figures.
7	The post-issue activities will involve essential follow-up steps, which must include finalisation of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as registrars to the issue, bankers to the issue, and bank handling refund business. Even if many of these post-issue activities would be handled by other intermediaries, the Lead Manager shall be responsible for ensuring that these agencies fulfil their functions and enable him to discharge this responsibility through suitable agreements with the Issuer Company.

Underwriting Details

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

Expert Opinion

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

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall forthwith refund the entire subscription amount received within 15 days from Issue Closing Date. If there is a delay in the refund of subscription by more than eight days after the date from which our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date or the date of refusal by the Stock Exchanges, whichever is earlier) our Company shall pay interest for the delayed period at the rates prescribed as per provisions of Rule-11 of the Companies (Prospectus & Allotment of Securities) Rules-2014.

Underwriting / standby Arrangement

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

Subscription to the Issue by the Promoter and the Promoter Group

The Promoter holding Equity Shares in our Company have, vide their letter dated September 15, 2018 undertaken to fully subscribe for their Rights entitlement in the Issue. The Promoter reserves the right to subscribe to renunciation if any made in their favour. The Promoter may also apply for additional Equity Shares in the Issue, and in case of under-subscription in the issue, shall apply for additional shares to facilitate minimum subscription. As a result of this subscription and consequent allotment, the Promoter may acquire shares over and above their entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter, if any, shall be made in compliance with the applicable provisions of the SEBI SAST Regulations. Allotment to the Promoter of any unsubscribed portion, over and above their entitlement shall be done in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws prevailing at that time relating to continuous listing requirements.

Issue Schedule

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



CAPITAL STRUCTURE

		Aggregate Value (Rs. lacs)	
		At Nominal Value	At Issue Price
(A)	AUTHORISED SHARE CAPITAL		
	2,00,00,000 Equity Shares of Rs. 10/- each	2,000.00	-
(B)	ISSUED, SUBSCRIBED & PAID-UP SHARE CAPITAL BEFORE THE PRESENT RIGHTS ISSUE		
	1,37,44,286 Equity Shares of Rs. 10/- each	1,374.43	-
(C)	PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER		
	[•] Equity Shares of Rs. 10/- each	[•]	[•]
	EQUITY CAPITAL AFTER THE ISSUE		
	[•] Equity Shares of Rs. 10/- each	[•]	
	SHARE PREMIUM ACCOUNT		
	Before the Issue	5,861.37	
	After the Issue	[•]	

Details of increase in Authorised Share Capital since incorporation

The Authorised Share Capital of our Company at the time of incorporation was Rs. 10,00,000/- divided into 1,00,000 Equity Shares of Rs. 10/- each. The following table gives the increase in the Authorised Capital post Incorporation of our Company: -

Serial	Particulars of increase		Date of Shareholder's meeting	AGM/ EGM
	From	To		
1	-	1,00,000 Equity Shares of Rs. 10/- each	-	Incorporation
2	1,00,000 Equity Shares of Rs. 10/- each	50,00,000 Equity Shares of Rs. 10/- each	12/10/1992	EGM
3	50,00,000 Equity Shares of Rs. 10/- each	1,00,00,000 Equity Shares of Rs. 10/- each	16/07/1997	AGM
4	1,00,00,000 Equity Shares of Rs. 10/- each	2,00,00,000 Equity Shares of Rs. 10/- each	04/02/2015	Postal Ballot



Notes to Capital Structure

1. Equity Share Capital History of our Company:

(a) The existing paid-up capital of our company is Rs. 13,74,42,860/- comprising of 1,37,44,286 Equity Shares of Rs. 10/- each. The history of the equity capital build-up is as under :

Date of the allotment of Equity Shares	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of consideration	Nature / Reason of allotment	Cumulative Equity Shares (nos)	Cumulative paid-up Equity Capital (Rs.)			
02-12-1991	70	10.00	10.00	Cash	Subscribers to MOA	70	700			
14-09-1992	99,630				Preferential Allotment	99,700	9,97,000			
30-03-1993	7,00,000				Public Issue	7,99,700	79,97,000			
02-05-1994	5,00,000				Public Issue	12,99,700	1,29,97,000			
02-05-1994	8,00,300				Public Issue	21,00,000	2,10,00,000			
02-05-1994	4,50,000				Public Issue	25,50,000	2,55,00,000			
02-05-1994	2,00,000				Public Issue	27,50,000	2,75,00,000			
02-05-1994	18,50,000				Public Issue	46,00,000	4,60,00,000			
26-02-2000 ¹	14,00,000				141.65	60,00,000	6,00,00,000			
20-02-2007 ²	10,50,000				85.00	70,50,000	7,05,00,000			
19-09-2008 ³	20,00,000				74.30	90,50,000	9,05,00,000			
16-07-2011 ⁴	4,64,286				28.00	95,14,286	9,51,42,860			
09-05-2015 ⁵	29,00,000				54.00	1,24,14,286	12,41,42,860			
03-10-2015 ⁶	6,50,000				54.00	1,30,64,286	13,06,42,860			
26-05-2016 ⁷	6,80,000				54.00	1,37,44,286	13,74,42,860			

¹ Allotted to promoters, friends and associates

² Allotted to Ranbaxy Laboratories Limited

³ Allotted to promoter group, friends and associates

⁴ Allotted to Mr. Avinash Ravi, promoter

⁵ Allotted to Ipca Laboratories Limited (23,00,000 Equity Shares) and Pinky Ventures Private Limited (6,00,000 Equity Shares)

⁶ Allotted to Mrs. Hemalata Ravi (part of promoter group)

⁷ Allotted to Mrs. Hemalata Ravi (part of promoter group) upon conversion of warrants

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

(c) *Issue of Equity Shares in the last one year* - Our Company has not made any issue or allotment of Equity Shares during the last one year.

(d) Our Company has not issued any bonus shares out of revaluation of reserves



- (e) Our Company has no intention to alter the equity capital structure by way of split/consolidation of the denomination of the Equity Shares, or issue of specified securities on preferential basis or issue of bonus, rights or public issue of Equity Shares or qualified institutions placement for a period of six months from the issue opening date. The foregoing restriction shall not apply to any issuance of equity shares by our Company in terms of ESOS Scheme as at the date hereof
- (f) Build-up of Promoters' shareholding in our Company

As on the date of this Letter of Offer, our Promoters and promoter group hold, in aggregate, 82,14,341 Equity Shares, constituting 59.77% of the issued, subscribed and paid-up Equity Share capital of our Company.

Set forth below is the build-up of the equity shareholding of our Promoters / promoter group, since incorporation of our Company :

Date of allotment / transfer	Nature of allotment	No. of Equity Shares	Payment Mode	Face Value (Rs.)	Issue Price (Rs.)
PROMOTERS					
Dr. R.T. Ravi					
Incorporation	Subscription to MOA	10	Cash	10	10
14-09-1992	Preferential allotment	38,090	Cash	10	10
30-03-1993	Preferential allotment	60,000	Cash	10	10
02-05-1994	Preferential allotment	3,300	Cash	10	10
16-11-1994	Preferential allotment	10,500	Cash	10	10
02-02-1995	IPO	2,50,000	Cash	10	10
24-03-1995	Acquisition	4,900	Cash	10	Not available
15-09-1995	Acquisition	1,96,000	Cash	10	
30-06-1997	Acquisition	65,000	Cash	10	
09-07-1997	Acquisition	32,000	Cash	10	
17-02-1998	Acquisition	32,000	Cash	10	
04-03-1998	Transfer	(32,000)	Cash	10	
04-04-1998	Transfer	(6,900)	Cash	10	
20-04-1998	Transfer	(300)	Cash	10	
06-06-1998	Transfer	(100)	Cash	10	
10-07-1998	Transfer	(1,500)	Cash	10	
27-07-1998	Transfer	(1,21,000)	Cash	10	
17-08-1998	Transfer	(300)	Cash	10	
09-10-1998	Transfer	(300)	Cash	10	
12-01-1999	Transfer	(100)	Cash	10	
27-02-1999	Transfer	(100)	Cash	10	
29-03-1999	Transfer	(100)	Cash	10	
12-05-1999	Transfer	(100)	Cash	10	
10-07-1999	Transfer	(100)	Cash	10	
03-09-1999	Transfer	(1,400)	Cash	10	
16-09-1999	Transfer	(500)	Cash	10	
25-09-1999	Transfer	(400)	Cash	10	
11-11-1999	Transfer	(100)	Cash	10	
26-11-1999	Transfer	(20,000)	Cash	10	
11-12-1999	Transfer	(100)	Cash	10	
11-01-2000	Transfer	(100)	Cash	10	



Date of allotment / transfer	Nature of allotment	No. of Equity Shares	Payment Mode	Face Value (Rs.)	Issue Price (Rs.)
11-02-2000	Transfer	(100)	Cash	10	141.65
1999-2000	Transfer	(400)	Cash	10	
26.02.2000	Preferential allotment	3,50,000	Cash	10	
28.03.2000	Transfer	(900)	Cash	10	
2000-01	Transfer / disposal	(4,04,400)	Cash	10	
2001-02	Acquisition	3,83,500	Cash	10	
2002-03	Transfer	(1,00,900)	Cash	10	
2003-04	Acquisition	1,99,200	Cash	10	
2004-05	Transfer	(100)	Cash	10	
2005-06	Transfer	(39,162)	Cash	10	
2006-07	Acquisition	74,182	Cash	10	
2007-08	Transfer	(29,320)	Cash	10	
25-03-2009	Acquisition	2,00,000	Cash	10	
26-03-2009	Acquisition	1,50,000	Cash	10	
08-04-2009	Transfer	(4,00,000)	Inter-se (gift to Avinash Ravi)	10	
06-08-2009	Transfer	(7,45,000)		10	
06-08-2009	Transfer	(1,20,000)	Not available	10	Not available
09-05-2015	Acquisition	1,75,816	Cash	10	
22-09-2017	Transfer	(1,79,316)	Inter-se (gift to Avinash Ravi)	10	-
		19,400			
Mr. Avinash Ravi					
1996-97	Acquisition	82,400	Not available	10	Not available
1997-98	Acquisition	10,000		10	
1998-99	Transfer / disposal	(1,300)		10	
26-02-2000	Preferential allotment	1,00,000	Cash	10	141.65
1999-2000	Transfer / disposal	(200)	Not available	10	Not available
2000-01	Acquisition	200		10	
2002-03	Transfer / disposal	(100)		10	
31-08-2005	Transfer	(1,90,000)	Inter-se (gift to Mrs. H. Ravi)	10	-
2006-07	Acquisition	14,518	Cash	10	Not available
2007-08	Transfer / disposal	(500)	Cash	10	
2008-09	Acquisition	74,000	Cash	10	
08-04-2009	Acquisition	4,00,000	Inter-se (gift from Dr RT Ravi)	10	-
06-08-2009	Acquisition	7,45,000	Inter-se (gift from Dr RT Ravi)	10	



Date of allotment / transfer	Nature of allotment	No. of Equity Shares	Payment Mode	Face Value (Rs.)	Issue Price (Rs.)
16-07-2011	Preferential allotment	4,64,286	Cash	10	28.00
11-02-2015	Transfer (<i>sale to Ipca</i>)	(1,50,000)	Cash	10	53.00
30/10/2015	Acquisition	35,101	Inter-se (gift)	10	-
20-11-2015	Acquisition	3,500	Inter-se (gift)	10	
11-03-2016	Acquisition	2,600	Inter-se (gift)	10	
22-09-2017	Acquisition	1,79,316	Inter-se (gift from Dr RT Ravi)	10	
		17,68,821			
Ipca Laboratories Limited					
11-02-2015	Acquisition (<i>from promoter / promoter group</i>)	18,00,000	Cash	10	53
09-05-2015	Preferential allotment	23,00,000	Cash	10	54
27-11-2015	Acquired under Open Offer	100	Cash	10	54
		41,00,100			
PROMOTER GROUP					
Mrs. Hemalata Ravi					
Incorporation	Subscription to MOA	10	Cash	10	10
1991-1994	Preferential allotment & IPO	1,80,290	Cash	10	Not Available
1997-1998	Acquisition	96,200	Cash	10	Not available
1999-1999	Disposal/Transfer	(36,200)	Cash	10	
26.02.2000	Preferential allotment	3,00,000	Cash	10	141.65
1999-2000	Disposal/Transfer	(20,000)	Cash	10	Not available
2000-01	Acquisition	32,400	Cash	10	
31-08-2005	Acquisition	3,41,000	Cash	10	
2006-07	Acquisition	3,300	Cash	10	
2007-08	Transfer	(2,600)	Cash	10	
03-10-2015	Preferential allotment	6,50,000	Cash	10	54.00
26-05-2016	Warrant conversion	6,80,000	Cash	10	54.00
		22,24,400			
Mr. Ajay Ravi					
1996-1997	Acquisition	2,100	Cash	10	Not available
1997-1998	Acquisition	8,000	Cash	10	
1998-1999	Transfer	(2,100)	Cash	10	
26-02-2000	Preferential allotment	1,00,000	Cash	10	141.65
2000-2001	Transfer/Disposal	(20,000)	Cash	10	Not available
2006-07	Acquisition	6,200	Cash	10	
2007-08	Acquisition	200	Cash	10	



Date of allotment / transfer	Nature of allotment	No. of Equity Shares	Payment Mode	Face Value (Rs.)	Issue Price (Rs.)
19-09-2008	Preferential allotment	4,00,000	Cash	10	74.30
2008-09	Acquisition	12,500	Cash	10	Not available
2009-10	Acquisition	1,25,900	Cash	10	
11-02-2015	Transfer (<i>sale to Ipca</i>)	(5,40,000)	Cash	10	53.00
21-04-2015	Acquisition	500	Cash	10	Not available
11-04-2017	Transfer	(500)	Cash	10	
		92,800			
Mr. Aditya Ravi					
1996-97	Acquisition	1,800	Cash	10	Not available
1997-98	Acquisition	5,000	Cash	10	
1998-99	Transfer/Disposal	(100)	Cash	10	
1999-2000	Transfer/Disposal	(100)	Cash	10	
2000-01	Acquisition	300	Cash	10	
2002-03	Transfer/Disposal	(500)	Cash	10	
2007-08	Acquisition	41,920	Cash	10	
19-09-2008	Preferential allotment	12,20,000	Cash	10	74.30
2012-13	Transfer	(100)	Cash	10	Not available
2013-14	Acquisition	100	Cash	10	
July 2014	Transfer to Edelweiss as part of settlement agreement	(1,50,000)	Cash	10	
11-02-2015	Transfer (<i>sale to Ipca</i>)	(11,10,000)	Cash	10	53.00
Sep-Dec 2015	Acquisition	500	Cash	10	Not available
		8,820			

Notes :

1. In respect of the build-up of promoters' shareholding, complete records are not available. Data has been computed based on the various reporting / filings under the SEBI SAST Regulations with BSE
2. For most of the cases, the cost of acquisition / transfer is not ascertainable

Pledged Shares

Mr. Avinash Ravi and Mrs. Hemalata Ravi have pledged 2,00,000 Equity Shares each with Edelweiss Asset Reconstruction Company Limited (EARC)

Past open offer / change in management

Ipca Laboratories Limited had made an open offer in compliance with SEBI SAST Regulations during the year 2015. The details of the Open Offer are as under :

Rationale for the Open Offer	<p>Ipca Laboratories Limited (Ipca), the Acquirer, acquired 18,00,000 Equity Shares of our Company on February 11, 2015 from our promoters and also entered into a Memorandum of Understanding (MOU) on February 13, 2015 with our Company and its promoters envisaging acquisition of joint control of the management of our Company and proposal for allotment of shares on preferential basis.</p> <p>Pursuant to the Resolution passed by our Board of Directors at their meeting held on February 13, 2015 and the MOU as aforesaid, the Acquirer (Ipca) agreed to subscribe to 23,00,000 Equity Shares @ Rs. 54/- per Equity Share, to be issued to them on preferential basis subject to compliance of applicable Statutory and Regulatory norms.</p> <p>The execution of the MOU and the Resolution passed by the Board of Directors of our Company triggered the provisions of SEBI SAST Regulations.</p>
Number of Shares for which open offer was made	35,73,515 Equity Shares being 26% of the then enhanced paid-up capital
Offer Price	Rs. 54/- per Equity Share
Name of the Acquirer	Ipca Laboratories Limited
Persons Acting in Concert (PAC)	There was no PACs for the open offer
Offer opening date	November 6, 2015
Offer closure date	November 24, 2015
Date of completion of all post-open offer formalities i.e. payment of consideration etc	November 27, 2015
Number of Shares acquired in the Open Offer	100 Equity Shares
Total holding of Ipca Laboratories Limited post open offer	41,00,100 Equity Shares constituting 29.83% of the paid up capital

(g) The details of the shareholding of our Promoter and the members of the Promoter Group as on the date of filing of this Letter of Offer are as follows:

Name of the shareholder	Equity Shares held	% of pre-issue capital
Promoters		
Dr. R.T. Ravi	19,400	0.14%
Mr. Avinash Ravi	17,68,821	12.87%
Ipca Laboratories Limited	41,00,100	29.83%
Sub-total	58,88,321	42.84%
Promoter Group		
Mrs. Hemalata Ravi	22,24,400	16.19%
Mr. Ajay Ravi	92,800	0.68%
Mr. Aditya Ravi	8,820	0.06%
Sub-total	23,26,020	16.93%
TOTAL	82,14,341	59.77%



- (h) There are no partly paid up shares in our company.
- (i) There are no outstanding convertible securities or any other right, which would entitle any person any option to receive Equity Shares, as on the date of this Letter of Offer.
- (j) At any given point of time there shall be only one denomination for the Shares of our Company and we shall comply with such disclosure and accounting norms as may be prescribed by SEBI from time to time.



(k) The Shareholding pattern of our company as on September 21, 2018 is as follows:

Category of Shareholder	No. of Share holders	Total No. of Shares	Shares held in Dematerialised Form	Total Shareholding as a % of total No. of Shares		Shares pledged or otherwise encumbered	
				As % of (A+B)	As % of (A+B+C)	No. of shares	As % of Total No. of Shares
(A) Shareholding of Promoter and Promoter Group							
(1) Indian							
Individuals / HUF	5	41,14,241	40,93,841*	29.94	29.94	4,00,000	2.91
Bodies Corporate	1	41,00,100	41,00,100	29.83	29.83	-	-
Any Others (Specify)							
Persons Acting in Concert							
Sub Total							
(2) Foreign							
Individuals/							
Bodies Corporate							
Sub Total							
	6	82,14,341	81,93,941	59.77	59.77	4,00,000	2.91
Total of Promoter and Promoter Group (A)							
(1) Institutions							
Mutual Funds / UTI							
Financial Institutions / Banks	2	1,658	1,658	0.01%	0.01%		
Any Others (Specify)							
	3	1,300	-	0.01%	0.01%		
Sub Total							
(2) Non-Institutions							
Bodies Corporate	117	19,32,805	19,29,104	14.06%	14.06%		
Individuals							
Individual shareholders holding up to Rs. 2 lakh	4,742	15,46,690	13,92,629	11.25%	11.25%		
Individual shareholders holding in excess of Rs. 2 lakh	32	17,91,779	13,01,979	13.04%	13.04%		
Any Others (Specify)							
Non Resident Indians	70	2,41,088	2,41,088	1.75%	1.75%		
HUFs							
Directors & their relatives							
Trusts							
Clearing Members	5	14,625	14,625	0.11%	0.11%		
Sub Total							
Total Public shareholding (B)	4,971	55,29,945	48,81,083	40.23%	40.23%		
Total (A)+(B)							
(C) Shares held by Custodians and against which Depository Receipts have been issued							
1) Promoter/Promoter Group							
2) Public							
Sub Total							
Total (A)+(B)+(C)	4,977	1,37,44,286	1,30,75,024	100.00%	100.00%		

* 20,400 Equity Shares are not demated as share certificates are not traceable. For further details on the background of the case, please refer section "History and Other Corporate matters" on page 121.

There were 4,977 shareholders as on September 21, 2018



(l) Details of Promoter’s contribution and Lock-in for Promoter and Promoter Group

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

Save or the following, none of the existing shares of the promoter and promoter group are under lock-in

Name	No. of Shares	Lock-in upto
Ipca Laboratories Limited	23,00,000	October 1, 2018
Mrs Hemalata Ravi	6,50,000	December 31, 2020
Mrs Hemalata Ravi	6,80,000	July 31, 2021

Top ten Shareholders of our Company as of the date of filing of this draft Letter of Offer with Stock Exchange (as on September 21, 2018)

Serial	Shareholder	No. of Shares	% of holding
1	Ipca Laboratories Limited	41,00,100	29.83%
2	Hemalata Ravi	22,24,400	16.18%
3	Avinash Ravi	17,68,821	12.87%
4	Sun Pharmaceutical Industries Limited	10,50,000	7.64%
5	Pinky Ventures Private Limited	5,99,000	4.36%
6	K Satish	2,15,000	1.56%
7	Shaaji Palliyath	2,00,000	1.46%
8	Edelweiss Asset Reconstruction Company Ltd	1,50,000	1.09%
9	G V L Prasad	1,30,000	0.95%
10	Gutta Venkateswara Rao	1,09,800	0.80%

Top ten Shareholders of our Company as on September 16, 2016 being 2 years prior to the date of filing of this Letter of Offer with Stock Exchange

Serial	Shareholder	No. of Shares	% of holding
1	Ipca Laboratories Limited	41,00,100	29.83%
2	Hemalata Ravi	22,24,400	16.18%
3	Avinash Ravi	15,89,505	11.56%
4	Sun Pharmaceutical Industries Limited	10,50,000	7.64%
5	Pinky Ventures Private Limited	6,00,000	4.37%
6	Shaaji Palliyath	2,16,000	1.57%
7	K Satish	2,15,000	1.56%
8	R T Ravi	1,98,716	1.45%
9	Edelweiss Asset Reconstruction Company Ltd.	1,50,000	1.09%
10	Gandhi Kanteti	1,40,784	1.02%



Top ten Shareholders of our Company as on September 14, 2018 being 10 days prior to the date of filing of this Letter of Offer with Stock Exchange

Serial	Shareholder	No. of Shares	% of holding
1	Ipca Laboratories Limited	41,00,100	29.83%
2	Hemalata Ravi	22,24,400	16.18%
3	Avinash Ravi	17,68,821	12.87%
4	Sun Pharmaceutical Industries Limited	10,50,000	7.64%
5	Pinky Ventures Private Limited	5,99,000	4.36%
6	K Satish	2,15,000	1.56%
7	Shaaji Palliyath	2,00,000	1.46%
8	Gandhi Kantheti	1,52,585	1.11%
9	Edelweiss Asset Reconstruction Company Ltd	1,50,000	1.09%
10	G V L Prasad	1,30,000	0.95%

Details of Public Shareholders holding more than 1% of the Equity Capital (as on September 21, 2018)

Serial	Shareholder	No. of Shares	% of holding
1	Sun Pharmaceutical Industries Ltd	10,50,000	7.64%
2	Pinky Ventures Private Limited	5,99,000	4.36%
3	K. Satish	2,15,000	1.56%
4	Shaaji Palliyath	2,00,000	1.46%
5	Edelweiss Asset Reconstruction Company Limited	1,50,000	1.09%

- (m) As on the date of this Letter of Offer, our Company has not granted any Options / issued equity shares under any scheme of Employee Stock Option or Employee Stock Purchase of issuer.
- (n) All preferential allotments of securities made by our Company after being listed are in accordance with applicable laws and regulations.
- (o) The Promoters, vide their letters dated September 15, 2018, have undertaken to fully subscribe for their Rights entitlement in the Issue. The Promoter reserves the right to subscribe to their entitlement in the Issue by subscribing for renunciation if any made in their favour. The Promoter may also apply for additional Equity Shares in the Issue, and in case of under-subscription in the issue, shall apply for additional shares to facilitate minimum subscription. As a result of this subscription and consequent allotment, the Promoter may acquire shares over and above their entitlement in the Issue, which may result in an increase of their shareholding above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter, if any, shall be made in compliance with the applicable provisions of the SEBI SAST Regulations. Allotment to the Promoter of any unsubscribed portion, over and above their entitlement shall be done in compliance with SEBI LODR Regulations and other applicable laws prevailing at that time relating to continuous listing requirements. In the event of renunciation by any of the shareholder belonging to the promoter and promoter group of the issuer Company, other than renunciation within the promoters / promoter group, the promoters and the promoter group shall not be eligible for exemption available under Regulation 10(4)(b) of the SEBI SAST Regulations, 2011.
- (p) Our company, promoter, directors and lead manager have not entered into any buyback or standby arrangements for any of the securities being issued through this Letter of Offer.
- (q) The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the SEBI SAST Regulations is Rs. [●]



OBJECTS OF THE ISSUE

The Object of the Issue is to raise funds:

- (A) For meeting the cost of capital expenditure for the following
 - (a) Manufacturing new product – intermediate of anticonvulsant drug
 - (b) Renovation of old fermenter block to enhance the production capacity of existing products.
 - (c) Recommissioning of power plant to cater increased production and optimisation of utilities.
 - (d) Modification of production block to increase the production output of APIs currently manufactured.
 - (e) Setting up of upgraded facility to treat organic and inorganic effluents generated out of production as per statutory norms.
- (B) For meeting working capital requirements towards manufacturing new product and increased production of existing APIs viz. Simvastatin and Serratiopeptidase.
- (C) To meet requirement of funds for general corporate purposes
- (D) To meet expenses towards the Rights Issue

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

Requirement of Funds

We have estimated our requirement for funds for our aforesaid objects as under:

	Particulars	Rs. in lakhs
(A)	Capital Expenditure	
	(a) New Product development / manufacturing	211.84
	(b) Old Fermenter Block Renovation	207.44
	(c) Recommissioning of Power Plant	23.91
	(d) Downstream Modification	400.00
	(e) Effluent Treat Plant (ETP) and MEEs	63.91
	Sub-total	907.10
(B)	Financing working capital for new product and increased production of existing APIs	900.00
(C)	General Corporate Purposes	[●]
(D)	Rights Issue expenses	55.00
	Total	[●] #

Amount not exceeding Rs. 2,500 lakhs

Means of Finance

Our Company proposes to meet the entire requirement of funds as aforesaid from the proceeds of the present Rights Issue of [●] Equity Shares of Rs. 10/- each for cash at premium of Rs. [●] per share aggregating to an amount not exceeding Rs. 2,500 lakhs. Accordingly, the requirement under Regulation 4(2)(g) of the SEBI ICDR Regulations of firm arrangements of finance through verifiable means for the 75% of the stated means of finance is complied.

Rationale for the Capex:

Our present manufacturing facilities for manufacture of APIs are located at Nellore and Visakhapatnam where we manufacture our products being Active Pharmaceutical Ingredients **Phelylephrine**, **Simvastatin** and **Serratiopeptidase**. We have necessary accreditations/approvals from regulatory authorities whereby we are eligible, subject to terms of respective approvals, to manufacture and supply our said products

The cost of the project, the requirements with regard to machineries and equipment / utilities and other requirements for the proposed project have been assessed internally by our management based largely on their past experience. The cost of the project has not been appraised by any bank or financial institution.

Approvals required for the proposed Capex

We have been advised that the following approvals / consents / permissions would be required in respect of our proposed manufacturing facilities:

Project	Approvals Required	Status
(f) New Product development intermediate of anticonvulsant drug	PCB Approval	To be applied
(g) Old Fermenter Block Renovation	No separate approval is required	
(h) Recommissioning of Power Plant	Inspector of Factories & Boiler approval	Boiler License to be renewed
	PCB Approval	To be applied
(i) Downstream Modification (<i>enhancement of Serratiopeptidase Capacity</i>)	No separate approval is required	
(j) Effluent Treat Plant (ETP) and MEEs	No separate approval is required	

Working capital requirements

Our Company has been continuously making cash losses since past several years. This has deeply eroded our working capital resources. Further, obtaining credit facilities for working capital from banks or financial institutions may not be feasible option at present or it may be available on unfavourable or onerous terms, which may not be in our best interests. Hence hitherto, we have been managing our working capital requirements by marketing two of our products, viz. Simvastatin and Phenylephrine through one of our Promoters, Ipca Laboratories Ltd. thereby ensuring immediate sales realisation to pay off trade payables within the available credit period. However, going forward as our production and sales in these product segments are stabilising, we expect to finance the incremental requirements of working capital through our own resources. Also, the requirement of working capital is expected to further increase following the introduction of the proposed new product coupled with incremental requirements arising out of estimated increase in production of existing products. As such, we are proposing to meet the projected requirements of working capital of Rs. 900 lakhs for the current year out of the proceeds of the Rights Issue.



The working capital requirement for current financial year is estimated as under:

Rs. in lakhs		
Particulars	March 31, 2019 (Estimated)	Holding Level (days)
Current Assets		
a. Inventories	300.00	30
b. Trade receivables	600.00	30
c. Cash and cash equivalents	-	
Total (A)	900.00	
Current Liabilities		
a. Short term borrowings	-	
b. Trade payables	-	
c. Short term provisions	-	
Total (B)	-	
Total working capital requirements (C) [(A) - (B)]	900.00	
Funding pattern		
From proceeds of the Rights Issue to be utilised	900.00	
Existing Bank Finance	-	

Basis of Estimation

In respect of the working capital requirements detailed hereinabove, the key assumptions and justification for holding levels is set forth hereunder :

Particulars	Assumptions
Inventories	The level of Inventories assumed at 30 days of total purchase / cost of production
Trade receivables	The level of Trade Receivables assumed at 30 days of net sales

Capital Expenditure

The item wise break-up of capital expenditure is given here in below:

(a) New product development – intermediate of anticonvulsant drug (Rs. 211.84 lakhs)

It is a commercial raw material used as intermediate in the synthesis of two Active Pharmaceutical Ingredients (APIs) viz., Levitiracetam and Ethambutol which are used to treat Epilepsy and Tuberculosis, respectively.

Requirement of equipment / system and its costing for the manufacture of the new product is given below :

Description	Units	Vendor	Amount (Rs.)
Single Fluid Heating & Cooling System #	1 Set	Polmon Vesfer Pvt Ltd, Hyderabad	25,00,000
6KL ANFD Repair	2 No.s	Dwarka Sai Engineering Works, Hyderabad	34,00,000
Distillation System	1 Set	Zen Adsorption Pvt Ltd., Hyderabad	42,55,000

Description	Units	Vendor	Amount (Rs.)
Ammonia Recovery System	1 Set	Zen Adsorption Pvt Ltd., Hyderabad	17,45,000
Pipes & Fittings #	Lumpsum	Balaji Steel & Engg Co., Mumbai	30,50,635
Valves #	Lumpsum	Mahatek Engineers, Ahmedabad	8,26,500
Centrifugal Pumps #	Lumpsum	Naga Pumps Pvt. Ltd., Hyderabad	8,22,550
Motors #	Lumpsum	Naga Pumps Pvt. Ltd., Hyderabad	3,21,250
HDPE Pipes & Fittings #	Lumpsum	Nagarjuna Polymers, Hyderabad	1,32,799
Electrical #	Lumpsum	Rudra Electricals, Secunderabad	5,77,419
Instrumentation	Lumpsum	Ace Instruments, Hyderabad	3,63,300
Sub-total			1,79,94,453
Goods and Services Tax (GST)			31,89,648
Total			2,11,84,101

Equipments delivered

Orders for all the aforesaid equipments have been placed with the respective vendors.

For Single Fluid Heating & Cooling System; Distillation System; and Ammonia Recovery System, the respective vendors would provide their technical assistance from erection / commissioning until the trial batches are completed. The respective vendors for these systems would also provide warranty of 12 months for equipment from the date of commissioning / installation.

(b) Old Fermenter block renovation (Rs. 207.44 lakhs)

Our Company's one of the existing Fermenter Block has been lying unused since October 2014. In order to increase the production capacity of API **Simvastatin** from 2.50 MT per month to 5 MT per month and API **Serratiopeptidase** from 2.50 MT per month to 5.50 MT per month, we intend to utilize this block after undertaking refurbishing. Break-up of the estimated cost of refurbishing / upgradation of the block is as under :

Serial	Description	Amount (Rs.)
(i)	Civil Works	18,53,848
(ii)	Utility Lines	92,74,934
(iii)	Process Lines	21,57,730
(iv)	Structural changes	26,15,140
(v)	Electricals	18,42,842
(vi)	Instrumentation	13,73,608
(vii)	Mechanical	5,53,250
(viii)	Others	85,000
	Sub-total	1,97,56,352
	Contingencies @ 5%	9,87,817
	Total	2,07,44,169

We are in the process of identifying and evaluating the vendors / suppliers for the various items of this capex. Quotations are being obtained to evaluate the suitable vendors

i) Break-up of cost of civil works

Serial	Description	Quantity	Unit	Rate (Rs.)	Amount (Rs.)
<u>Vessels area / general works</u>					
1	Beam chipping work	7.60	Cum	5,000	38,000
2	RCC concrete (for beams repair work)	7.60	Cum	6,600	50,160
3	Steel (for beam repair work)	0.992	MT	54,000	53,568

Serial	Description	Quantity	Unit	Rate (Rs.)	Amount (Rs.)
4	Shuttering work (for beam repair work)	55	Sq. mt	350	19,250
5	Scaffolding work	2	Lumpsum	10,000	20,000
6	RCC precast slabs (for drain top)	15	Sq. mt.	800	12,000
7	PCC 1:2:4 concrete (for flooring work)	16.30	Cum	6,000	97,800
8	Plastering 1:5 (for flooring & brick work)	587	Sq. mt.	300	1,76,100
9	Aluminium work	447	Sq. ft.	410	1,83,270
10	Brick work in CM 1:6 (inside walls)	2	Cum	4,000	8,000
11	Brick work ($4\frac{1}{2}$ width steps side parapet wall)	50	Sq. mt.	800	40,000
12	Brick work in CM 1:6 top terrurs	7.30	Cum	9,000	65,700
13	Plastering in CM 1:5 top terrus	65	Sq. mt.	650	42,250
14	White wash (2 coats)	2,750	Sq. mt.	50	1,37,500
15	Steps side wall chipping work	7.50	cum	5,000	37,500
16	Roof Ceiling work	550	Sq. ft.	90	49,500
17	Consultancy charges	1	Lumpsum	30,000	30,000
18	Miscellaneous works	2	Lumpsum	10,000	20,000
<i>Shifting of air compressors to old fermentation block</i>					
19	Earth work excavation (air receiver tank foundation)	15	Cum	350	5,250
20	PCC 1:4:8 concrete (air receiver tank foundation)	2	Cum	4,000	8,000
21	RCC 1:1.5:3 concrete (for slab & tank foundation work)	18	Cum	6,600	1,18,800
22	Steel (for slab & tank foundation work)	1.6	MT	54,000	86,400
23	Shuttering work (for slab & tank foundation work)	100	Sq. mt.	350	35,000
24	PCC 1:2:4 concrete (for air compressor bed flooring work)	10	Cum	6,000	60,000
25	Brickwork dismantling work (for compressors shifting)	24	Cum	1,700	40,800
26	Brick work in CM 1:6 (for inside walls and reconstruction walls)	41	Cum	4,000	1,64,000
27	Plastering in CM 1:5 (for slab, flooring & brickwork)	550	Sq. mt.	300	1,65,000
28	Consultancy charges	1	Lumpsum	30,000	30,000
29	White wash (2 coats)	600	Sq. mt.	50	30,000
30	Miscellaneous	1	Lumpsum	30,000	30,000
Total					18,53,848

- ii) Break-up of utilities (various capacity / makes of pipes, flanges and valves for different sections towards renovation of old fermenter block)

Serial	Description / requirements	Amount (Rs.)
1	CT water In and Out main lines	3,93,940
2	CT water main header to fermenters connecting branch lines	2,42,640
3	CT water main headers to seed vessels connecting branch lines	5,27,880
4	Chilled water In & Out main lines	1,23,110
5	Chilled water Main header to Fermenters connecting branch lines	1,99,920
6	Chilled water Main header to Seed Vessels connecting branch lines	1,92,520
7	Steam line	2,19,110
8	Steam line for F3 & F4	3,34,050
9	Steam line for seed tanks	3,44,140
10	Air line for F3 & F4	1,39,420



Serial	Description / requirements	Amount (Rs.)
11	Main air line from receiver to fermentation	75,510
12	Broth transfer line from fermentation to down steam	80,760
13	Filter Steam line	4,71,116
14	RO & DM Water line	77,220
15	Seed Vessels air line filter setup	4,66,744
16	Fermenter exhaust line for F1	67,080
17	Fermenter Exhaust Line for ST3	1,55,520
18	Air compressors CT water line inlet and outlet lines	2,52,980
19	Strainer in CT pump section	7,020
20	Air compressor connecting common hedder line	1,59,140
21	Air compressor common hedder to receiver tank & main hedder connecting	3,64,320
22	CT pump suction and delivery hedder line	6,45,420
23	Cooling tower hot sump recirculation lines	39,460
24	Drain lines	1,09,400
25	Utility hedder In and Out common hedder line	4,96,720
26	Building pipe rack structural	12,51,800
27	General consumables	2,78,220
28	Miscellaneous	3,50,000
	Sub-total	80,65,160
29	Fabrication & erection charges 15%	12,09,774
	Total	92,74,934

iii) Break-up of Process Lines (various capacity / makes of pipes, flanges and valves for different sections towards renovation of process line work)

Serial	Description / requirements	Amount (Rs.)
1	Main Hedder lines / Dextrose main line	2,45,060
2	Dextrose main feed line	1,17,720
3	Steam main line	1,32,720
4	Seed transfer main line	3,24,300
5	Soya Oil main line	1,17,500
6	Seed transfer line	30,000
7	Top air line	18,870
8	Inoculation line	21,590
9	Sample point line	12,900
10	Bottom valves	14,800
11	Drain line	7,200
12	Bottom steam line	9,700
13	Dextrose receiving line	41,300
14	Steam line	1,15,120
15	Dextrose feed line	16,540
16	Soya oil feed line	13,820
17	Top air line	24,670
18	Seed receiving line	31,870
19	Dextrose Syrup line (D1)	1,20,800
20	Dextrose Syrup line (D2)	1,20,800
21	Addition tank soya oil (AT1)	42,740
22	Total Funnal's line	50,500
23	General consumables	27,210
24	Miscellaneous	1,50,000
	Sub-total	18,07,730
26	Fabrication & Erection charges	3,50,000
	Total	21,57,730

iv) **Break-up of structural cost**

Serial	Description	Quantity	Unit	Rate (Rs.)	Amount (Rs.)
<i>Structural steel for top floor</i>					
1	ISMB250 MS Beam	180	Mtr	2,611	4,69,980
2	ISMB200 MS Beam	160	Mtr	2,100	3,36,000
3	ISMC100 MS Chanel	120	Mtr	580	69,600
4	ISA75 Angles	120	Mtr	582	63,360
5	Gratings	250	Sq. mtr.	1,500	3,75,000
<i>Structural steel for middle floor</i>					
6	ISMB150 MS Beam	200	Mtr	1,050	2,10,000
7	ISMC100 MS Chanel	150	Mtr	580	87,000
8	ISA75 MS Angulars	150	Mtr	528	79,200
9	Gratings	350	Sq. mtr	1,500	5,25,000
	Sub-total				22,15,140
10	Fabrication & erection charges		Lumpsum		4,00,000
	Total				26,15,140

Break-up of Electrical installation (various motors, cables, control panel, feeder and other fittings at different sections / blocks)

Serial	Description / requirements	Amount (Rs.)
1	Fermenter 1	4,47,870
2	Seed fermenter	2,63,775
3	Dextrose tank 1	80,120
4	Dextrose tank 2	80,120
5	CT Water pump 1	29,605
6	CT Water pump 2	30,005
7	CT Water pump 3	21,705
8	CT Water pump 4	21,705
9	CT Fan 1	20,475
10	CT Fan 2	20,475
11	Electrical renovation of H Block (wiring, AC, light & fittings etc)	8,26,987
	Total	18,42,842

 vi) Break-up of Instrumentation cost (various transmitters, sensors, pressure gauge, Pressure / temperature controller, indicators, meters etc for various sections / blocks)

Serial	Description / requirements	Amount (Rs.)
1	H/FE/001 Project	7,20,406
2	H/SFT/003 Project	3,14,395
3	H/GT/002 Project	3,11,595
4	H/DT/002 Project	13,606
5	H/DT/001 Project	13,606
	Total	13,73,608

 vii) Break-up of mechanical cost (various motors, gear boxes, coupling, coils etc for various sections / blocks)

Serial	Description / requirements	Amount (Rs.)
1	Fermenter 1	1,37,250
2	Seed tank 3	1,07,550
3	Dextrose tank 1	1,07,750
4	Dextrose tank 2	1,02,750
5	GT 2	97,950
	Total	5,53,250

(c) Recommissioning of Power Plant (Rs. 23.91 lakhs)

The power plant at our Visakhapatnam unit has been lying unused since October 2014. To enhance the production capacity at the plant, renovation of this power plant is considered as it can be used for increased utility steam and power requirement at efficient costs. The break-up of the cost of recommissioning of the power plant is as under :

Serial	Description	Amount (Rs.)
1	Coal Handling	
	• Coal Feeding vibrator	1,50,000
	• Belt conveyors	86,300
	• Dust collector	7,500
	• Miscellaneous	1,200
		2,45,000
2	Ash handling	
	• Drag chain	66,000
	• Ash silo	4,18,000
		4,84,000
3	Electro Static Precipitator (ESP)	1,75,000
4	Boiler	48,000
5	ID Fan	5,000
6	FD Fans	5,000
7	DM Water Tr. Pumps	1,000
8	Dosing pumps	2,000
9	Air Compressors	23,340
10	Earth pits	5,000
11	EOT Crane	25,000
12	Total Structure (<i>patch work, lighting, painting and yard clearing</i>)	9,34,000
13	General consumables	1,25,000
14	Miscellaneous	2,00,000
	Sub-total	22,77,340
	Contingencies @ 5%	1,13,867
	Total	23,91,207

We are in the process of identifying and evaluating the vendors / suppliers for the various items of the capex. Quotations are being obtained to evaluate the suitable vendors.

(d) Serratiopeptidase downstream Modification (Rs. 400 lakhs)

While the old fermenter block renovation will result in increase of the fermentation broth output, the proposed modification of **Serratiopeptidase** downstream by installing new MF & UF system will result in capacity enhancement vis a vis reducing the time cycles of production resulting in production of more batches of **Serratiopeptidase**. Currently, the production capacity of **Serratiopeptidase** is 2.50 MT. Considering the market potential for this product, it is proposed to undertake modification of downstream process to increase the capacity from 2.50 MT to 5.50 MT. The break-up of the capex towards the downstream modification is as under :



Description	Units / area	Amount (Rs.)
MF & UF System	1 No.s	1,90,00,000
Ph Conductivity Meter & Sensor	1 No.s	14,00,000
Life Lizer	1 No.s	75,00,000
Clean Room	Lumpsum	35,00,000
ANFD Shifting & Laying	Lumpsum	1,00,000
Booster Vacuum System	Lumpsum	44,00,000
Miscellaneous	Lumpsum	10,00,000
Taxes & Contingency		31,00,000
Total		4,00,00,000

We are in the process of identifying and evaluating the vendors / suppliers for the various items of the capex. Quotations are being obtained to evaluate the suitable vendors.

(e) Effluent Treatment Plant (ETP) and MEEs (Rs. 63.91 lakhs)

It is to treat inorganic and organic effluents generated out of production at the Nellore plant to take care of higher production that will result in higher effluent loads. Estimated capex required is Rs. 63.91 lakhs as under :

Description	Units / area	Amount (Rs.)
Cooling Tower	1 set	7,00,000
Pumps	2 nos	3,00,000
Pipelines & Fittings	Lumpsum	5,32,800
Valves & Fittings	Lumpsum	2,32,940
ATFD	Lumpsum	10,00,000
Structural Steel	Lumpsum	70,880
Electrical Fittings	Lumpsum	9,71,250
PRS Station	2 set	3,00,000
PVC Fittings	Lumpsum	21,210
Roof Galvaline sheets	Lumpsum	99,480
Civil Works, painting & insulation	Lumpsum	7,50,000
Fastners	Lumpsum	58,400
Fabrication & gall volume sheet laying	Lumpsum	2,00,000
Consumables	Lumpsum	20,060
Tank	1 Set	8,00,000
Instrumentation	Lumpsum	30,100
Sub-total		60,87,120
Contingency @ 5%		3,04,356
Total		63,91,476

We are in the process of identifying and evaluating the vendors / suppliers for the various items of the capex. Quotations are being obtained to evaluate the suitable vendors.

All the aforesaid equipments are domestically available and can be designed / made on order. We do not foresee any issues / problems in procurement of the same. Further, no second hand machinery is proposed to be procured.

GENERAL CORPORATE PURPOSES

In terms of Regulation 4(4) of the SEBI ICDR Regulations, our Company proposes to use [●] towards general corporate purposes, being amount not exceeding 25% of the gross proceeds of the Issue.

Our Board will have flexibility in applying the amount towards general corporate purposes, including repayment of outstanding loans and advances, meeting our future additional working capital requirements, normal capital expenditure, funding our growth opportunities, including strategic initiatives, research & development, meeting expenses incurred in the ordinary course of business including salaries and wages, administration expenses, expenses for regulatory approvals, advertisement, brand building expenses, insurance related expenses, meeting of exigencies which our Company may face in 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 applicable laws.

Our management will have flexibility in utilizing any amounts for general corporate purposes in accordance with policies of our Board. The quantum of utilization of funds towards any of the purposes mentioned above will be determined by the Board, based on the amount actually available under this head and the business requirements of our Company, from time to time.

Rights Issue expenses (Rs. 55 lakhs)

The expenses for this issue include issue management fees, printing and distribution expenses, legal fee, advertisement expenses, depository charges and listing fees to the Stock Exchange among others. The total expenses for this issue is estimated at Rs. 55 lakhs. The break-up of the estimated cost is as under :

Particulars	Rs. in lakhs	% of the issue expenses	% of Issue size
Fees to intermediaries, including Lead Managers fees, registrar fees and expenses	22.00	40.00%	0.89%
Printing & stationeries, postage / courier expenses	10.00	18.18%	0.40%
Expenses towards advertising	8.00	14.55%	0.32%
Regulatory fee and other miscellaneous expenses, including out-of-pocket expenses	15.00	27.27%	0.61%
Total	55.00	100.00	2.22%

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

(Rs. in lakhs)

Project	FY 2018-19	FY 2019-20	Total
Capex for New Product - intermediate of anticonvulsant drug	211.84	-	211.84
Old Fermenter Block Renovation	-	207.44	207.44
Recommissioning of Power Plant	-	23.91	23.91
Capex for Downstream Modification for Product Serratopeptidase	-	400.00	400.00
ETP MEEs	-	63.91	63.91
Working Capital	900.00	-	900.00
General Corporate Expenses	[●]	-	[●]
Issue expenses	55.00	-	55.00
Total	[●]	695.26	[●]

SCHEDULE OF IMPLEMENTATION OF THE PROPOSED PROJECT

Activity	Date/Expected date of commencement	Date/Expected date of completion
Capex for New Product intermediate of anticonvulsant drug		
• Placement of orders for equipment	July 2018	August 2018
• Delivery of the Equipment	August 2018	January 2019
• Installation / commissioning	January 2019	February 2019
• Trial run	February 2019	March 2019
• Commercial production	March 2019	
Old Fermenter Block Renovation		
• Appointment of civil contractor(s)	March 2019	March 2019
• Placement of orders for equipment / utilities	March 2019	April 2019
• Completion of civil works	April 2019	May 2019
• Electrical installation	May 2019	May 2019
• Erection / commissioning of equipment	June 2019	June 2019
• Trial runs	June 2019	June 2019
• Commercial operations	June 2019	
Recommissioning of Power Plant		
• Appointment of civil contractor(s)	March 2019	March 2019
• Placement of orders for equipment / utilities	March 2019	April 2019
• Completion of civil works	April 2019	May 2019
• Electrical installation	May 2019	May 2019
• Erection / commissioning of equipment	June 2019	June 2019
• Trial runs	June 2019	June 2019
• Commercial operations	June 2019	
Capex for Downstream Modification for Product Serratio		
• Placement of orders for equipment	April 2019	April 2019
• Delivery of the Equipment	May 2019	May 2019
• Installation / commissioning	May 2019	June 2019
• Trial run	June 2019	June 2019
• Commercial operations	July 2019	
ETP MEEs		
• Placement of orders for equipment	March 2019	March 2019
• Delivery of the Equipment	April 2019	April 2019
• Installation / commissioning	May 2019	May 2019
• Trial run	June 2019	June 2019
• Commercial operations	June 2019	

**Deployment of funds till date**

As on August 31, 2018, our Company has deployed a sum of Rs. 100 lakhs towards the objects of the issue mentioned above (*certified by our statutory auditors, M/s Pavuluri & Company, Chartered Accountants vide their letter dated September 10, 2018*). The details of the deployment are as under :

Particulars	Rs. in lakhs
Deployment of funds	
• Project capital expenses towards new product development	99.25
• Issue expenses	0.75
Total	100.00
Source of funds	
• ICD from Makers Laboratories Limited	99.25
• Internal resources	0.75
Total	100.00

The funds deployed towards Objects of the Issue will be eventually met out of the proceeds of the present Rights Issue.

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

The Promoters or the directors of the promoter group entities do not have any interest in the proposed procurement of any equipment / machinery as stated above or in any of the entities from whom we intend to acquire the plant & machinery or other components of the Project.

Interim use of funds

We intend to put to use the funds raised from Rights Issue towards the objects of the issue as per the schedule of implementation. However, for any interim period pending such utilisation, we may invest the proceeds or part of the proceeds of this issue in interest bearing deposits with Scheduled commercial Banks included in the Second Schedule of Reserve Bank of India Act, 1934.

Basic terms of the Issue

The Equity shares being offered are subject to the provisions of the Companies Act, 2013, our Memorandum and Articles of Association, the terms of this offer document and other terms and conditions as may be incorporated in the Allotment advice and other documents / certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Stock Exchanges, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.

BASIS FOR ISSUE PRICE

The issue price has been determined by our Company in consultation with Lead Manager on the basis of assessment of market demand for the Equity Shares offered by way of Rights Issue. The face value of the Equity Share is Rs. 10/- and the issue price is [●] times the face value.

Qualitative factors

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

- Promoters have vast experience in their field of operations.
- Entry of Ipca Laboratories Ltd., a well established listed company engaged in pharmaceutical business globally, as Promoter of our Company since 2015 offers synergy of business and augurs well for the revival and growth of our business operations.
- Existing manufacturing units at Nellore and Visakhapatnam have potential of producing quality pharmaceutical products for domestic and international markets.
- Expertise in the area of chemical synthesis, fermentation and enzymatic technologies.
- Our Company Shares are listed and traded on BSE and NSE.

For a detailed discussion on the qualitative factors, please refer to the sections titled “Our Business – Competitive Strengths” and “Risk Factors” on pages 91 and 111 respectively of this DLOF.

Quantitative factors

Some of the information presented in this section is based on the Restated Financial Statements of our Company. For more details on the financial information, see the section titled “Financial Statements” on page 171.

1. Earnings per share (basic and diluted)

Year	Basic EPS (Rs.)	Weights	Diluted EPS (Rs.)	Weights
March 31, 2018	Negative	N.A.	N.A.	N.A.
March 31, 2017	Negative	N.A.	N.A.	N.A.
March 31, 2016	Negative	N.A.	N.A.	N.A.
Weighted average	Not Applicable			
June 30, 2018	Negative	N.A.	N.A.	N.A.

2. Price Earnings Ratio (P/E) in relation to the Issue Price of Rs. [●] per Equity Share of Rs. 10/- each

Particulars	P/E at the issue price
Based on restated EPS for FY ended March 31, 2018	Not applicable as EPS is negative

3. Return on networth (RoNW)

Year	RoNW (%)	Weights
March 31, 2018	Negative	N.A.
March 31, 2017	Negative	N.A.
March 31, 2016	Negative	N.A.

4. Minimum Return on total net worth after Issue needed to maintain Pre-Issue EPS for Fiscal Year 2018

Not applicable as EPS has been negative.

5. Net Asset Value per Equity Share (NAV)

Particulars	NAV (Rs.)
As at March 31, 2018	(12.94)
As at June 30, 2018	(17.00)
After the present rights issue	[●]

6. Industry P/E

Particulars	Industry P/E
Highest	98.40
Lowest	5.80
Average	52.10

Source : Capital Market, September 10 - 23, 2018, classified under "Pharmaceuticals - Ind Bulk Drugs"

7. Comparison of accounting ratios with peer group (data as on March 31, 2018)

Company	Face Value (Rs.)	Total Income (Rs. lakhs)	Basic EPS (Rs.)	Diluted EPS (Rs.)	P/E	RoNW	NAV (Rs.)
Krebs Biochemicals & Industries Limited	10	3,398.52	(13.27)	(13.27)	N.A.	N.A.	N.A.
Ciplis Limited	2	1,17,796.90	18.25	18.22	36.23	10.42%	3.59
Gennex Laboratories Limited	1	4,468.24	0.07	0.07	58.48	2.63%	2.51
SS Organics Limited	10	1,288.75	(4.44)	(4.44)	N.A.	N.A.	N.A.

Notes:

- Total Income is as sourced from the financial results reports of the companies.
- Basic EPS and Diluted EPS refer to the basic and diluted EPS sourced from the financial results of the companies.
- P/E Ratio has been computed as the closing market prices of the companies sourced from the BSE website as on August 31, 2018 as divided by the Diluted EPS provided under Note 2.
- RoNW (%) has been computed as net profit after tax divided by the net worth of these companies. Net worth has been computed as sum of share capital and other equity.

The face value of Equity Shares is Rs. 10/- and issue price of Rs. [●] is [●] times of the face value

The Issue Price of Rs. [●] has been determined by our Company, in consultation with the Lead Manager and is justified based on the qualitative factors. Please also refer to the "Risk Factors" on page 11 and the financials of our Company including important profitability and return ratios, as set out in the section titled "Financial Statements" on page 171.



STATEMENT OF TAX BENEFITS

To,

**The Board of Directors,
Krebs Biochemicals and Industries Limited**
Kothapalli village, Kasimkota Mandal,
Anakapalli, Visakhapatnam, Andhra Pradesh 531031.

Dear Sir,

Sub: Statement of Possible Tax Benefits ('The Statement') available to Krebs Bio-chemicals and Industries Limited ("the Company") and its shareholders prepared in accordance with the requirement in Schedule VIII- Clause (VII) (L) of Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations 2009, as amended ("the Regulation")

1. We hereby report that the enclosed Statement prepared by the Company, states the possible income-tax benefits available to the Company and its shareholders under the Income-tax Act, 1961 ('the Act'), read with the Finance Act, 2018 presently in force in India being the law in force at the time of the Draft Offer Document.
2. The possible tax benefits mentioned in the enclosed Statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant statutory provisions of the Act. Hence, the ability of the Company or its shareholders to derive the income-tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives faced in the future, the Company or its shareholders may or may not choose to fulfil.
3. The benefits discussed in the enclosed Statement are not exhaustive. Further, the preparation of the Statement and its contents is the responsibility of management of the Company. 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 income-tax advice. In view of the individual nature of the income-tax consequences and changing income-tax provisions, each investor is advised to consult with his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering consisting of an offer for sale of equity shares by certain shareholders of the Company ('the Proposed Offer'). Neither are we suggesting nor are we advising the investor to invest money based on this Statement.
4. We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' (the 'Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.
5. We do not express any opinion or provide any assurance as to whether:
 - i) the Company or its shareholders will continue to obtain these possible tax benefits in the future; or
 - ii) the conditions prescribed for availing the possible tax benefits have been/would be met.
6. 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.



7. Our views expressed herein are based on the facts and assumptions indicated to us. 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 the income-tax law and their interpretation, which are subject to change from time to time. We do not assume responsibility to update this Statement consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.
8. The enclosed Statement is intended solely for your information and for inclusion in the Red Herring Prospectus and the Prospectus and any other material in connection with the Proposed Offer and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Pavuluri & Co.
Chartered Accountants
Firm Reg. No:012194S

Place : Hyderabad
Date : 10/09/2018

(CA N. Rajesh)
PARTNER
Membership No. : 223169



ANNEXURE TO THE STATEMENT OF POSSIBLE INCOME-TAX BENEFITS/ CONSEQUENCES IN CASE OF COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE INCOME-TAX LAW IN INDIA AND OTHER BENEFITS UNDER RESPECTIVE LAWS/ SCHEMES

INCOME TAX

We hereby report that the enclosed Statement of possible tax benefits available to the Company and its shareholders under the applicable tax laws in India (the "Statement") is in connection with the possible tax benefits available to (i) the Company and, (ii) the shareholders of the Company, under the Income-tax Act, 1961, ("the Act") read with the Finance Act, 2018 presently in force in India, which are applicable from 1 April, 2018. The benefits/ consequences as applicable and relevant for each category (Company and shareholder) are grouped under two separate sections i.e. those applicable to the Company and the shareholders respectively. To the extent that certain provisions may be common to both categories, they may be repetitive.

Further, the notes given at the end of this statement are an integral part of this statement. The provisions specified in this statement are required to be necessarily read along with the notes. The tax rates specified in statement have to be read with note (ii) which specifies the applicable rates of surcharge and cess.

Several of these benefits are dependent on the Company or its shareholders, as the case may be, fulfilling the conditions prescribed under the relevant statutory provisions. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Statement are not exhaustive. 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. Further, the above statement of income-tax benefits/consequences sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential income-tax benefits/consequences of the purchase, ownership and disposal of shares.

In view of the individual nature of the tax consequences and 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 Offer. Neither are we suggesting nor are we advising the investor to invest money based on this Statement.

Benefits/consequences in case of the Company:

a) Dividends paid

- The Company is required to pay Dividend Distribution Tax (DDT) at the rate of 15 percent (before levy of appropriate surcharge and education cess) upon distribution of dividend under section 115- O of the Act. The tax is required to be calculated at the rate of 15 percent of the gross pay out (that is, dividend and tax). As such the effective tax rate works out to 17.65 percent of the net dividend pay-out.

b) Certain receipts

- As per the provisions of section 10(34) of the Act, dividend received from a domestic company (on which DDT is paid by the domestic company in accordance with section 115-O of the Act), is exempt from tax for the shareholder.

- Section 14A of the Act restricts claim for deduction of expenses incurred in relation to earning of exempt income. Thus, any expenditure incurred to earn tax exempt income would not be a tax deductible expenditure.
- Income by way of interest payable by public sector companies in respect of bonds or debentures specified by the Central Government is exempt from tax under section 10(15)(iv)(h) of the Act.

c) Capital gains

- Capital gains arise on disposal of, inter-alia, securities that are held as capital assets. Capital gains arising from the transfer of long-term capital asset are characterized as long-term capital gains ('LTCG'). Conversely, capital gains arising from transfer of short-term capital asset are treated as short-term capital gains ('STCG').

Period of Holding

- Capital assets are categorized into short-term capital asset and long-term capital asset based on the period of holding of such asset which are as follows:
 - (i) Listed securities (including shares) and units of an equity oriented fund – these are considered long term capital assets if held for more than 12 months; otherwise these would be considered short term capital assets.
 - (ii) Units of non-equity oriented fund and unlisted securities (other than shares)- these are considered long term capital assets if held for more than 36 months; otherwise these would be considered short term capital assets.
 - (iii) Unlisted shares – these would be considered as long term capital assets if held for more than 24 months; otherwise these would be considered short term capital assets

Tax Rates

- **Listed securities (including shares) and units of an equity oriented fund where STT is payable.**

Under the law presently in force, the LTCG arising on transfer of these securities is exempt, provided such transfer is chargeable to securities transaction tax ('STT'), so also their acquisition, unless the securities have been acquired through a mode, notified as not requiring to fulfil the pre-condition of chargeability to STT.

As per Finance Act, 2018, LTCG exceeding one lakh rupees to the extent arising on transfer of these securities is taxable at 10 percent, provided such transfer is chargeable to STT. Further, to avail such concessional rate of tax, STT should also have been paid on acquisition, unless the securities have been acquired through a mode, to be notified as not requiring to fulfil the pre-condition of chargeability to STT.

The LTCG arising from the transfer of such securities shall be calculated without indexation (inflation adjustment).

To provide relief on gains already accrued upto 31 January 2018, suitable adjustment has been proposed for the computation of the cost of acquisition (COA) of securities. The STCG arising on transfer of the above securities are taxable at 15 percent provided STT is chargeable on such transfer.

- **Where STT is not payable**

In case of transfer of these securities without charge of STT, the LTCG is taxable at the rate of 20 percent with indexation. Where such LTCG arises from transfer of listed securities (other than units of an equity oriented mutual fund), there may be an option to pay tax at the rate of 20 percent with indexation or 10 percent without indexation, whichever is more beneficial.

Further, STCG from such transactions is taxable at the general corporate tax rate - currently 30 percent.

- **Units other than equity oriented funds and unlisted securities**

The LTCG arising on transfer of the above securities is taxable at the rate of 20 percent with indexation. The STCG in such cases is taxable at the general corporate tax rate - currently 30 percent.

- **Losses under the head "capital gains"**

Under section 74 of the Act, short-term capital losses incurred during the year are allowed to be set-off against short-term or long-term capital gains of the said year. Balance losses, if any may be carried forward for eight years for claiming set-off against subsequent years' short-term or long-term capital gains. Long-term capital losses incurred during the year are allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

- **Dividend and Bonus Stripping**

1. Section 94(7) of the Act restricts allowance of losses arising from sale/transfer of securities/unit of mutual fund where these are purchased within three months prior to the record date (relevant for the purpose of receipt of dividend) and such securities are sold within three months or such units are sold within 9 months after such record date. In such cases, the loss (if any) arising from such sale should be ignored to the extent of the amount of dividend or income received/receivable on such securities/units.
2. Section 94(8) of the Act restricts allowance of losses arising from sale/transfer of units of mutual fund where these are purchased within three months prior to the record date (relevant for the purpose of receipt of bonus units) and such units are sold within 9 months after such record date. In such cases, the loss (if any) arising from such sale/transfer of the original units should be ignored for the purpose of computing taxable income, and further, the amount of loss so ignored may be regarded as the cost of acquisition of the bonus units held on the date of sale/redemption of the original units.

d) Other provisions

- Section 80G of the Act allows specified amount of deduction in case of contribution made to certain specified funds or institutions.
- Section 35 of the Act allows specified deduction in computing business profits, inter alia, on account of contributions made to a research association or institution for the purpose of scientific research.

- Provisions of section 56(2)(x) of the Act seek to tax receipt of the sum of money or property (which inter alia includes shares and securities) by any person without consideration or for inadequate consideration in excess of Rs. 50,000, unless specifically exempted (e.g. gift from relative).
- Domestic Companies are taxed at the rate of 30% plus surcharge and cess. However, the Company will enjoy tax benefits in tax rate and will be taxed at the rate of 25% plus applicable surcharge and cess as the turnover or gross receipt of the company does not exceed Rs. 250 crores.

e) Accumulated Losses :

- **The company has the below accumulated losses under the Income Tax Act, 1961 and can be set-off against future taxable profits.**

Serial	Assessment year	Nature of loss/ allowance	Amount as assessed
1	2005-06	Unabsorbed Depreciation	80,53,313
2	2006-07	Unabsorbed Depreciation	9,75,41,174
3	2007-08	Unabsorbed Depreciation	3,82,17,344
4	2008-09	Unabsorbed Depreciation	5,02,02,962
5	2009-10	Unabsorbed Depreciation	6,94,16,916
6	2010-11	Unabsorbed Depreciation	1,96,93,739
7	2012-13	Unabsorbed Depreciation	5,45,25,535
8	2012-13	Business loss	3,54,55,097
9	2013-14	Unabsorbed Depreciation	4,84,15,638
10	2013-14	Business loss	2,80,13,362
11	2014-15	Unabsorbed Depreciation	4,16,74,521
12	2014-15	Business loss	1,45,08,765
13	2015-16	Unabsorbed Depreciation	3,98,92,450
14	2015-16	Business loss	34,78,07,637
15	2016-17	Unabsorbed Depreciation	3,34,41,643
16	2016-17	Business loss	10,70,56,539
17	2017-18	Unabsorbed Depreciation	3,72,90,321
18	2017-18	Business loss	11,52,24,329

Benefits/Conquences in case of the Shareholders - General

a) Dividend income

- Dividend (both interim and final) paid by the Company attracts DDT in the hands of the Company under section 115-O of the Act. It is exempt from tax in the hands of the shareholder.
- However, section 115BBDA of the Act provides that the aggregate of dividends received by specified taxpayers (except domestic company and certain funds, trusts, institutions) in excess of INR 10 lakh is taxable at the rate of 10 percent on a gross basis, and no deduction will be available for any expenditure.
- Section 14A of the Act restricts claim for deduction of expenses incurred in relation to earning of exempt income (here, dividend income).

b) Characterization of gains from transfer of shares

- The characterization of the gains/losses, arising from sale/transfer of shares as business income or capital gains would depend on the nature of holding and various other factors. The Central Board of Direct Taxes (CBDT) has clarified in a circular that income arising from transfer of listed shares and securities, which are held for more than 12 months would be taxed as “Capital Gains” unless the shareholder itself treats these as its stock-in-trade and income arising from transfer thereof as its business income.

c) Capital Gains-general

Long term and short term capital gains

- Capital assets are categorized into short-term capital asset and long-term capital asset based on the period of holding of such asset. Equity shares listed on a recognized stock exchange in India held by an assessee for more than 12 months immediately preceding the date of transfer are considered as long-term capital asset whereas if such shares are held for 12 months or less are regarded as short-term capital asset. Capital gains arising from the transfer of long-term capital asset are characterized as LTCG. Capital gains arising from transfer of short-term capital asset are treated as STCG.

Deductions in computing capital gains

- In terms of section 48 of the Act, in order to arrive at the quantum of capital gains, the following amounts would be deductible from the full value of the consideration:
 - a) Cost of acquisition of shares; and
 - b) Expenditure incurred wholly and exclusively in connection with transfer of shares

Dividend and Bonus Stripping

- Section 94(7) of the Act restricts allowance of losses arising from sale/transfer of securities/unit of mutual fund where these are purchased within three months prior to the record date (relevant for the purpose of receipt of dividend) and such securities are sold within three months or such units are sold within 9 months after such record date. In such cases, the loss (if any) arising from such sale should be ignored to the extent of the amount of dividend or income received/receivable on such securities/units.
- Section 94(8) of the Act restricts allowance of losses arising from sale/transfer of units of mutual fund where these are purchased within three months prior to the record date (relevant for the purpose of receipt of bonus units) and such units are sold within 9 months after such record date. In such cases, the loss (if any) arising from such sale/transfer of the original units should be ignored for the purpose of computing taxable income, and further, the amount of loss so ignored may be regarded as the cost of acquisition of the bonus units held on the date of sale/redemption of the original units.

Exemptions on reinvestment

- Exemptions may be claimed from taxation of LTCG or STCG if investments in certain specified securities/assets is made subject to fulfillment of certain conditions. The following exemptions may be available to the shareholders:
 - I. Section 54EE of the Act exempts long-term capital gains on transfer of shares if the gains upto Rs. 50 lacs are invested in “long term specified assets” (i.e. units of notified fund) within six months from the date of transfer. The investment in long term specified assets should be held for 3 years.
 - II. Section 54F of the Act exempts long-term capital gains on transfer of shares, held by an individual or HUF, if the net consideration is utilized to purchase/ construct a residential house within specified timelines.

Set-off and carry forward of losses

- As per section 74 of the Act, short-term capital losses incurred during the year are allowed to be set-off against short-term or long-term capital gains of the said year. Balance losses, if any may be carried forward for eight years for claiming set-off against subsequent years' short-term or long-term capital gains. Long-term capital losses incurred during the year are allowed to be set-off only against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent year's long-term capital gains.

STT

- STT is a tax payable on the value of specified securities (such as shares, certain derivatives or equity oriented mutual fund) transacted on a recognized stock exchange. STT is not allowed as a deduction while computing income from capital gains.

Tax Rates

- The LTCG arising upto 31 March 2018 on transfer of listed shares is exempt provided such transfer is chargeable to STT, as also the acquisition of such shares, if such acquisition is after 1 October 2004.
- As per Finance Act, 2018, LTCG exceeding one lakh rupees to the extent arising on transfer of these securities is taxable at 10 percent, provided such transfer is chargeable to STT. Further, to avail such concessional rate of tax, STT should also have been paid on acquisition, unless the securities have been acquired through a mode, to be notified as not requiring to fulfil the pre-condition of chargeability to STT.
- The LTCG arising from the transfer of such securities shall be calculated without indexation (inflation adjustment).

To provide grandfathering/ relief on long term gains arising on sale of listed shares that were acquired originally as unlisted shares upto 31 January 2018, an indexation mechanism has been provided.

Under this mechanism, where sale consideration is higher than the indexed COA (Cost Of Acquisition), the COA would be substituted with the indexed COA and capital gains will be computed accordingly.

Where sale consideration is higher than the COA but not higher than the indexed COA, the sale consideration is deemed as the COA, such that the gains would be neutralized.

This benefit is available in the following cases:

- equity shares, not listed as on 31 January 2018 but listed on the date of transfer; and
 - equity shares listed on the date of transfer but acquired in consideration of shares not listed on 31 January 2018 through tax neutral modes of transfer (e.g. amalgamation, demerger)
- In the context of the exempt LTCG regime upto 31 March 2018, CBDT had notified cases of acquisition of shares (e.g. acquisition under employee stock option or purchase schemes framed under the SEBI (ESOPs and ESPS) Guidelines, 1999; acquisition approved by the Courts, NCLT, SEBI or RBI; acquisition by any non-resident as per FDI guidelines) for which the pre-condition of chargeability to STT would not be applicable and yet the LTCG on transfer of the listed shares would stand exempted. A similar notification is expected to be rolled out in the context of the aforesaid new LTCG regime to be applicable from 1 April 2018.
 - The STCG arising on transfer of listed shares are taxable at 15 percent provided STT is chargeable on such transfer.

Minimum Alternative Tax ('MAT')

- MAT may apply where the income-tax payable by a company under the regular tax provisions is less than 18.5 percent of the "book profit" (calculated as per the provisions of section 115JB). In such cases, there would be an obligation to pay MAT at the rate of 18.5 percent of such book profit in lieu of regular income tax. Provisions allow the credit for such MAT against taxes payable in subsequent 15 years. In computing such book profits, exempt LTCG on listed equity shares and units of equity oriented fund will have to be factored in.

Alternative Minimum Tax ('AMT')

- AMT may apply where the income-tax payable by the shareholder (other than companies) under the regular tax provisions is less than 18.5 percent of the "adjusted total income" (being the total income before giving effect to certain deductions to be calculated under section 115JC). In such cases, there would be an obligation to pay AMT at the rate of 18.5 percent of such adjusted total income in lieu of regular income tax. Provisions allow the credit for such AMT against taxes payable in subsequent 15 years.

Buy Back

- Income arising to a shareholder on account of buy back of shares (not being listed on a recognized stock exchange) by a company will be tax exempt under section 10(34A) of the Act. In such cases, the company buying back the shares is liable to pay additional tax at the rate of 20 percent on distributed income being difference between consideration and the amount received by the company for issue of shares.

Further provisions applicable to specific category of shareholders are discussed below:

d) Capital gain – Resident shareholders

- In case of transfer of listed shares which are not chargeable to STT, LTCG is taxable at the rate of 20 percent with indexation (inflation adjustment) or 10 percent without indexation whichever is more beneficial. The STCG arising in case of transfer of shares which are not chargeable to STT is taxable at the general corporate tax rate - currently 30 percent for domestic companies and as per slab rate in case of resident shareholders other than domestic companies.
- No withholding tax/ tax deduction at source is applicable on income arising by way of capital gains to a resident shareholder on transfer of shares of an Indian company.
- As per section 80C of the Act, individuals are allowed a deduction (up to a specified limit) against taxable income in respect of investments made in certain specified instruments.
- As per provisions of section 80G of the Act, specified amount of deduction is allowed in case of contribution made to certain specified funds or institutions.

e) Foreign Portfolio Investors (FPI) (earlier known as 'Foreign Institutional Investor')

- As per section 2(14) of the Act, securities held by a FPI registered in accordance with the SEBI Regulations for FPIs would be in the nature of "capital asset". Consequently, the income arising to a FPI from transactions in securities are treated as capital gains.

- As per provisions of Section 115AD of the Act, capital gains arising from transfer of securities would be taxable as follows:

Nature of income	Rate of tax (percent)
LTCG on sale of equity shares subject to STT	10*
LTCG on sale of equity shares not subject to STT	10
STCG on sale of equity shares subject to STT	15
STCG on sale of equity shares not subject to STT	30

- *As per Finance Act, 2018, LTCG exceeding one lakh rupees to the extent arising on transfer of these securities is taxable at 10 percent, provided such transfer is chargeable to STT. Further, to avail such concessional rate of tax, STT should also have been paid on acquisition, unless the securities have been acquired through a mode, notified as not requiring to fulfil the pre-condition of chargeability to STT.
 - As per section 196D of the Act, any income, by way of capital gains arising to the FPI from transfer of securities is not subject to withholding tax/ tax deduction at source in section 115AD of the Act. Tax, if any, would be required to be discharged by the concerned FPI prior to making the remittance of the proceeds out of India.
 - It has been clarified to the effect that provisions of MAT do not apply to FPIs that do not have a permanent establishment or place of business in India.
- f) Special provisions for NRIs
A special scheme of taxation applies in case of Non-Resident Indian ('NRI') in respect of income/LTCG from investment in "specified foreign exchange assets" as defined under Chapter XII- A of the Act.

Key provisions of the scheme are as under:

- NRI is defined to mean an individual being a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.
- Key tax implications are:

Section	Provision
115E	LTCG [not covered under section 10(38)] in respect of a specified asset (which <i>inter alia</i> includes shares of an Indian company) is taxable at 10 percent
115F	LTCG [not covered under section 10(38)] arising on transfer of a foreign exchange asset is tax exempt if the net consideration from such transfer is <u>reinvested</u> in specified assets or in savings certificates referred to in section 10(4B) of the Act subject to the conditions prescribed therein

- In terms of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from investments or long-term capital gains or both, provided adequate tax has been deducted at source from such income.

- Section 115H of the Act specifies that when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year to the effect that the scheme of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets (which do not include shares in an Indian company) for that year and subsequent assessment years until such assets are transferred or converted into money.
- Section 115-I of the Act allows NRIs to elect not to be governed by the scheme for any assessment year by furnishing their return of income for that year under section 139 of the Act and declaring the choice made in such return and accordingly they would be taxed in that assessment year in accordance with the regular tax provisions.

g) Non-resident shareholders (other than FPIs and NRIs)

- In case of a non-resident shareholder, the first proviso to section 48 of the Act allows the capital gains arising from the transfer of listed equity shares of an Indian Company to be computed by converting the cost of acquisition, expenditure incurred wholly and exclusively in connection with such transfer and the full value of consideration into the same foreign currency as was initially utilized in the purchase of the shares and the capital gains so computed should be reconverted into Indian currency. However, the benefit of indexation (as provided in second proviso to Section 48) is not available to non-resident shareholders.
- As per provisions of section 80G of the Act, specified amount of deduction is allowed in case of contribution made to certain specified funds or institutions.
- It has been clarified that MAT provisions do not apply to a foreign company that does not have a permanent establishment/ place of business.

h) Additional tax benefits/consequences for non-resident shareholders

- *Treaty benefit*
Section 90(2) of the Act allows non-resident shareholders to opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement ('DTAA') or tax treaty entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial subject to fulfillment of conditions.
Further, any income by way of capital gains payable to non-residents [other than capital gains payable to an FPI] may be subject to withholding tax in accordance with the provisions of the Act or under the relevant DTAA, whichever is beneficial to such non-resident unless such non-resident has obtained a lower withholding tax certificate from the tax authorities.
- *Indirect Transfer Provisions*
Section 9 of the Act seeks to charge tax in various cases where income may be deemed to accrue or arise in India. Included in the list is the case of indirect transfer of capital assets in India through transfer of any share or interest in any company or entity outside India.

In response to concerns raised by stakeholders that the provisions resulted in multiple-taxation, it has been clarified that the indirect transfer provisions shall not apply to investment held by any non-resident, directly or indirectly, in a Foreign Institutional Investor and registered as Category-I or Category-II FPI under the SEBI Act, 1992.

- *PAN/ tax documents*

The withholding tax rates are subject to the recipients of income obtaining and furnishing a permanent account number (PAN) to the payer, in the absence of which the applicable withholding tax rate would be the higher of the applicable rates or 20%, under section 206AA of the Act. The requirement to furnish PAN will not apply if the non-resident shareholder furnishes prescribed documents to the payer.

As per Finance Act, 2018, resident non-individuals entering into financial transactions of an amount aggregating to two lakh and fifty thousand rupees or more in a financial year shall be required to apply for allotment of PAN. Further, the managing director, director, partner, trustee, author, founder, karta, chief executive officer, principal officer or office bearer or any person competent to act on behalf of such entities shall also be required to apply for allotment of PAN.

i) Benefits available to Investment Funds

- Investment funds being Category I and Category II Alternative Investment Funds (AIF) registered under the SEBI AIF Regulations have been accorded a pass through status under the Act. Accordingly, income of such investment funds other than income chargeable under the head "Profits and gains of business or profession" should be exempt from income tax as per section 10(23FBA).
- However, income (other than income chargeable under the head "Profits and gains of business or profession) of the unit holder out of the investment made in such investment fund is chargeable to income-tax in the same manner as if it were income accruing or arising to, or received by, such unit holder had the investments, made by the Investment Fund, been made directly by him.
- The taxable income of an Investment Fund would be charged at the rate or rates as specified in the Finance Act of the relevant year where the Investment Fund is a company or a firm or at maximum marginal rate in any other case.
- Further, the income accruing or arising to or received by the Investment Fund if not paid or credited to a person (who has made investments in an Investment Fund) shall be deemed to have been credited to the account of the said person on the last day of the previous year in the same proportion in which such person would have been entitled to receive the income had it been paid in the previous year.
- There is no specific exemption provided under the Act for the income earned by the Category III AIF. The taxability depends on the status of the Fund. In case the Fund is set-up as a 'Trust', the principles of trust taxation should apply based on the nature of the trust.

j) Benefits available to Mutual Funds

- In terms of section 10(23D) of the Act, all Mutual funds set up by public sector banks or public sector financial institutions or Mutual Funds registered under SEBI Act or Mutual Funds authorized by the Reserve Bank of India, subject to the conditions specified, are eligible for exemption from income taxes on all their income, including all incomes and gains arising from investment in/ transfer of the shares of the Company.
- However, the Mutual Funds would be required to pay tax on distributed income to unit holders as per the provisions of section 115R of the Act.
- As per section 196 of the Act, no tax is to be deducted from any income payable to a Mutual Fund specified under section 10(23D) of the Act.

Others

General Anti-Avoidance Rule ('GAAR):

- GAAR is a set of anti-tax abuse provisions in the Act that give wide powers to the income-tax authorities in a manner that may override regular tax provisions. GAAR may be invoked in case any arrangements are found to be "impermissible avoidance arrangements". A transaction can be declared as an impermissible avoidance arrangement, if the main purpose of the arrangement is to obtain a tax benefit and which satisfies one of the four below mentioned elements:
 - (1) The arrangement creates rights or obligations which are ordinarily not created between parties dealing at arm's-length;
 - (2) It results in directly / indirectly misuse or abuse of the Act;
 - (3) It lacks commercial substance or is deemed to lack commercial substance in whole or in part; or
 - (4) It is entered into or carried out in a manner, which is not normally employed for bona fide purposes.

The provisions of GAAR are applicable with effect from financial year 2017-18 and onwards.

Wealth Tax and Gift tax

- The Finance Act, 2015 has abolished the levy of wealth tax with effect from 1 April 2016.
- Provisions of section 56(2)(x) of the Act seek to tax receipt of the sum of money or the property (which inter alia includes shares and securities) by any person without consideration or for inadequate consideration in excess of Rs. 50,000, unless specifically exempted (e.g. gift from relative).

Notes:

- (i) All the above income-tax benefits/consequences are as per the current Indian income-tax law relevant for Assessment Year 2018-19 which corresponds to the financial year ending 31 March 2018 (considering the amendments made by Finance Act, 2017) and key tax amendment proposals included in the Bill. The income-tax law is subject to change from time to time.
- (ii) All tax rates stated above would have to be increased by applicable surcharge and cess calculated on tax plus surcharge.

As per the Finance Act, 2018 surcharge is to be levied as under:

- (a) In the case of individual or Hindu undivided family or association of persons or body of individuals, whether incorporated or not, or every artificial juridical person, where his income exceeds Rs. fifty lakhs but does not exceed Rs. one crore, a surcharge at 10 percent of tax liability is payable and when such income exceeds Rs. one crore, surcharge at 15 percent of tax is payable.
- (b) In case of firms, where income exceeds Rs. one crore, a surcharge at 12 percent of tax is payable.
- (c) In case of domestic company, where its income exceeds Rs. one crore but does not exceed Rs. ten crores, a surcharge at the rate of 7 percent of tax liability is payable and when such income exceeds Rs. ten crores, surcharge at 12 percent of tax is payable.
- (d) In case of companies other than domestic companies, where the income exceeds Rs. one crore but does not exceed Rs. ten crores, a surcharge of 2 percent of such tax liability is payable and when such income exceeds Rs. ten crores, surcharge at 5 percent of tax is payable.
- (e) In case of tax under sections 115-O and 115-R of the Act, surcharge of 12 percent of the tax liability is payable



Effective 1 April 2018, 'Health and Education cess' at the rate of 4 percent on the income tax (including surcharge) is applicable.

- (iii) This statement sets out the position as per the Act as amended by the Finance Act, 2018. This position of law and its interpretation is subject to change from time to time. Further, no assurance is given that the revenue authorities/courts will concur with the views expressed herein.
- (iv) The above statement covers only certain relevant income-tax benefits/consequences under the Act and does not cover benefits/consequences under any other law.

The stated income-tax benefits/consequences will be available only to the sole/first named holder in case the shares are held by joint holders.

INDUSTRY OVERVIEW

Biochemistry is the branch of science that explores the chemical processes within and related to living organisms. It is a laboratory based science that brings together biology and chemistry. By using chemical knowledge and techniques, biochemists can understand and solve biological problems. Biochemistry focuses on processes happening at a molecular level. It focuses on what's happening inside our cells, studying components like proteins, lipids and organelles. It also looks at how cells communicate with each other, for example during growth or fighting illness. Biochemistry covers a range of scientific disciplines, including genetics, microbiology, forensics, plant science and medicine. Because of its breadth, biochemistry is very important and advances in this field of science over the past 100 years have been staggering.

(Source: <http://www.biochemistry.org/Education/BecomingaBiochemist.aspx>)

Biotechnology is technology that utilizes biological processes and/or biological materials. Over the past few decades, scientific and technological advances have enabled biotechnology to use of some of the smallest parts of organisms, including their cells and genetic material, for a number of commercial and scientific applications. Nevertheless, biotechnology is still considered to be in its infancy, and many companies remain at a development stage.

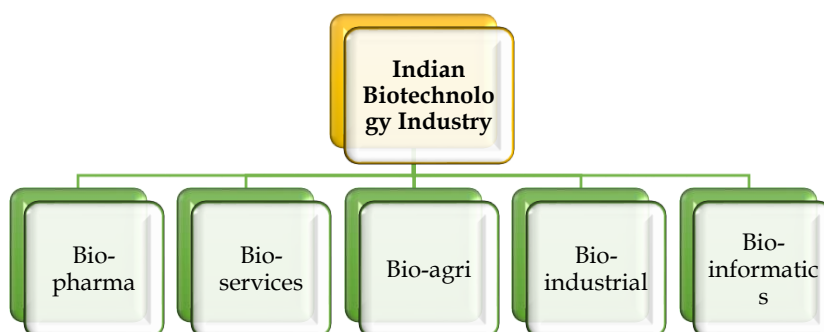
BIOTECHNOLOGY IN INDIA

The biotechnology sector of India is highly innovative and is on a strong growth trajectory. The sector, with its immense growth potential, will continue to play a significant role as an innovative manufacturing hub. The sector is one of the most significant sectors in enhancing India's global profile as well as contributing to the growth of the economy.

India is among the top 12 biotech destinations in the world and ranks third in the Asia-Pacific region. India has the second-highest number of US Food and Drug Administration (USFDA)-approved plants, after the USA and is the largest producer of recombinant Hepatitis B vaccine. Out of the top 10 biotech companies in India (by revenue), seven have expertise in bio-pharmaceuticals and three specialise in agri-biotech.

India has no dearth of talent in biotechnology, as a number of institutions, both government and autonomous, provide the necessary opportunities for the students seeking to obtain a degree in this sector. The Government of India has provided adequate scope to this sector by providing facilities for Research and Development (R&D) in the field of biotechnology.

Indian Biotechnology industry is divided into five parts:

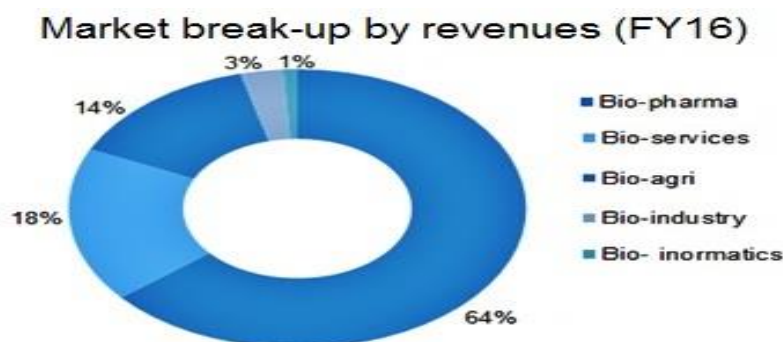


- Bio-pharmaceutical products are therapeutic or preventative medicines that are derived from materials naturally present in living organisms, using recombinant DNA (rDNA) technology.
- Bio-services mainly include clinical research & CRO along with custom manufacturing
- Bio-agriculture is segmented into hybrid seeds, transgenic crops, bio-pesticides & bio-fertilisers.
- Bio-industrial predominantly comprises enzyme manufacturing & marketing companies.
- Bio-informatics deals with the creation & maintenance of extensive electronic databases on various biological systems; industry.

Market Break-up by revenues

The Indian biotech sector is divided into five major segments- bio-pharma, bio-services, bio-agri, bio-industrial and bio-informatics. The bio-pharmaceutical sector accounts for the largest share of the biotech industry.

- The bio-pharmaceutical segment accounted for largest revenue share of 64 per cent in India biotech industry, during FY16.
- In FY16, the bio-services and bio-agri segments accounted for 18.0 per cent and 14.0 per cent of the biotech industry, respectively.
- India is becoming a leading destination for clinical trials, contract research and manufacturing activities which is leading to the growth of bio services sector.



Source: ASSOCHAM, Makeinindia, TechSci Research.

(Source: <https://www.ibef.org/industry/biotechnology-india.aspx>, <https://www.ibef.org/download/Biotechnology-June-2017.pdf>)

Statistics

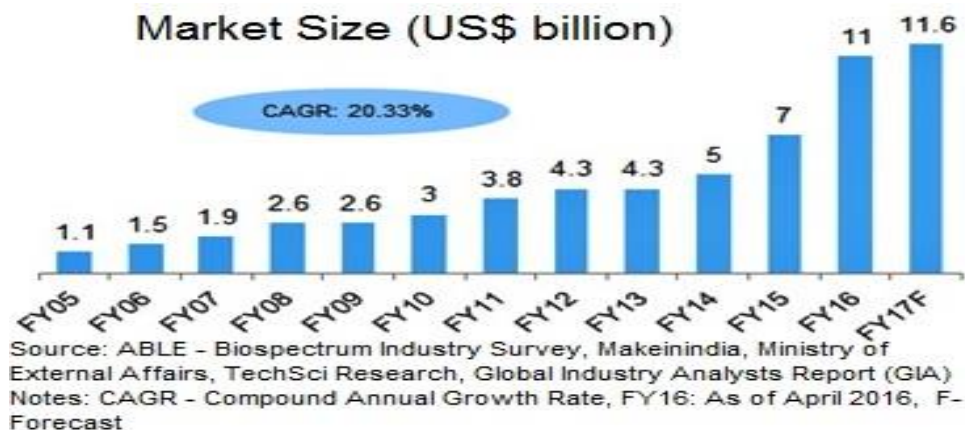
- The Indian biotech industry is expected to grow at 30.46 percent CAGR to reach USD 100 billion by 2025.
- The Biotechnology Industry in India has grown from \$1.1 billion in 2005 to \$7 billion in 2015 and is expected to reach \$11.6 billion in 2017.
- The growth is due to a range of positive trends such as growing demand for healthcare services, increase demand for food & nutrition intensive R&D activities and strong government initiatives.
- The Indian biotech sector is divided into five major segments- bio-pharma, bio-services, bio-agri, bio-industrial and bio-informatics.

- The bio-pharmaceutical sector accounts for the largest share of the biotech industry with a share of 62% of total revenues in 2015, followed by bio-services (18%), bio-agri (15%), bio-industrial (4%) and bio-informatics (1%).
- Supported 104 new start-ups, 346 companies, 509 projects including 115 collaborative projects through BIRAC, a Public Sector Unit of Government of India.
- 100 Intellectual Property facilitated.
- 175,000 sq. ft. of bio incubation space created and the target to support 50 world class bio incubators by 2020.
- 5 University Innovation Clusters created and 1 regional innovation center.
- Growth Drivers
- The sector has seen high growth with a CAGR in excess of 20% and the key drivers for growth in the biotech sector are increasing investments, outsourcing activities, exports and the government's focus on the sector.
- Cost-effective manufacturing capabilities as compared to other manufacturing economies.
- Accelerated clearances for Green/Brownfield Projects.
- Clear regulatory guidelines for biotech sector.
- Leading Public institutes and universities which produces a strong pool of skilled manpower.
- The setting up of national research laboratories, centres of academic excellence in biosciences, several medical colleges, educational and training institutes offering degrees and diplomas in biotechnology, bio-informatics and biological sciences.
- Fast developing clinical capabilities with the country becoming a popular destination for clinical trials, contract research and manufacturing activities.
- Establishment of industry oriented organization - BIRAC to support biotech start-ups and SMEs through funding, mentoring, handholding and infrastructure support.
- Setting up on an Early Translation Accelerator (ETA) by BIRAC to focus on catalyzing transformation of young academic discoveries with possible commercial and societal impact into economically viable ventures and technologies.

(Source: <http://www.makeinindia.com/sector/biotechnology>)

Growth biotechnology in India

- Growing at a faster pace, in comparison with the previous years, the Indian biotech industry witnessed YoY growth of 57.14 per cent in FY16; the total industry size stood at US\$ 11 billion by FY16 and is estimated to reach US\$ 11.6 billion by FY17
- Fast-paced growth is likely to continue; the industry is expected to increase in size to US\$ 11.6 billion by 2017, driven by a range of factors such as growing demand, intensive R&D activities and strong government initiatives



(Source: <https://www.ibef.org/industry/biotechnology-india.aspx>)

PHARMACEUTICAL INDUSTRY IN INDIA

Introduction

India is the largest provider of generic drugs globally. Indian pharmaceutical sector industry supplies over 50 per cent of global demand for various vaccines, 40 per cent of generic demand in the US and 25 per cent of all medicine in UK.

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.

Market Size

The pharmaceutical sector was valued at US\$ 33 billion in 2017. The country's pharmaceutical industry is expected to expand at a CAGR of 22.4 per cent over 2015-20 to reach US\$ 55 billion. India's pharmaceutical exports stood at US\$ 17.27 billion in 2017-18 and are expected to reach US\$ 20 billion by 2020.

Indian companies received 304 Abbreviated New Drug Application (ANDA) approvals from the US Food and Drug Administration (USFDA) in 2017. 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).

Growth

- The Indian pharmaceuticals market witnessed growth at a CAGR of 5.64 per cent, during FY11-16, with the market increasing from US\$ 20.95 billion in FY11 to US\$ 27.57 billion in FY16. The industry's revenues are estimated to have grown by 7.4 per cent in FY17.

- Indian pharmaceutical market grew 5.5 per cent in CY2017 in terms of moving annual turnover. In March 2018, the market grew at 9.5 per cent year-on-year with sales of Rs 10,029 crore (US\$ 1.56 billion).
- By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and 6th largest market globally in absolute size.
- Increase in the size of middle class households coupled with the improvement in medical infrastructure and increase in the penetration of health insurance in the country will also influence in the growth of pharmaceuticals sector.



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\$ 15.59 billion between April 2000 and December 2017, according to data released by the Department of Industrial Policy and Promotion (DIPP).

Some of the recent developments/investments in the Indian pharmaceutical sector are as follows:

- In 2017, Indian pharmaceutical sector witnessed 46 merger & acquisition (M&A) deals worth US\$ 1.47 billion.
- The exports of Indian pharmaceutical industry to the US will get a boost, as branded drugs worth US\$ 55 billion will become off-patent during 2017-2019.#

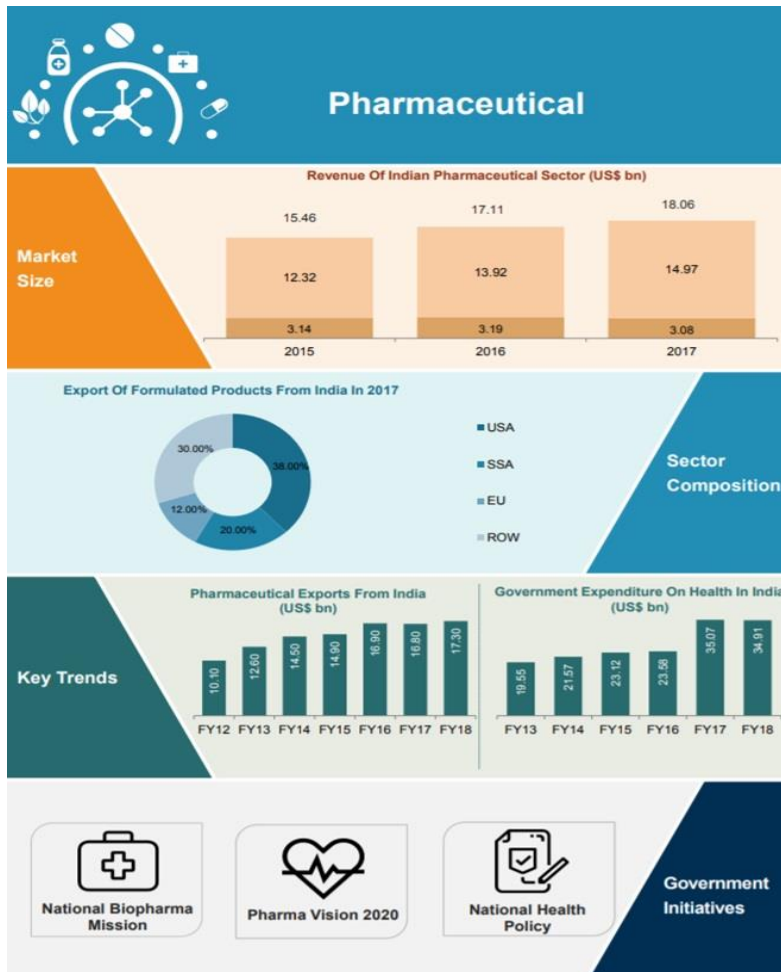
Government Initiatives

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

- The National Health Protection Scheme is largest government funded healthcare programme in the world, which is expected to benefit 100 million poor families in the country by providing a cover of up to Rs. 5 lakh (US\$ 7,723.2) per family per year for secondary and tertiary care hospitalisation. The programme was announced in Union Budget 2018-19.
- In March 2018, the Drug Controller General of India (DCGI) announced its plans to start a single-window facility to provide consents, approvals and other information. The move is aimed at giving a push to the Make in India initiative.

- The Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy, in order to stop any misuse due to easy availability.
- 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.
- 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

Pharmaceuticals industry at a Glance:





BUSINESS OVERVIEW

We are engaged in manufacturing and marketing of fermentation based APIs (Active Pharmaceutical Ingredients) having manufacturing facilities at Nellore and Visakhapatnam in the state of Andhra Pradesh.

We manufacture bulk active pharmaceutical ingredients, pharmaceutical intermediates, fine chemicals and nutraceuticals utilizing two revenue streams:

- Contract manufacturing for large pharmaceutical and multinational companies
- Development of our products for sale in global markets

Our company, originally promoted by Dr. R. T. Ravi, was incorporated as Public Limited Company on 2nd December 1991 under the name Krebs Biochemicals Limited and subsequently changed to Krebs Biochemicals and Industries Limited on 21st November 2003. In the year 2015, Ipca Laboratories Limited entered into share purchase agreement with our Promoter Group and our Company and subscribed to the equity shares of our company. By further complying with the provisions of SEBI (SAST) Regulations, Ipca Laboratories Ltd. became one of the promoters of our company.

Our project had originally come up with equity participation by Andhra Pradesh Industrial Development Corporation (APIDC), Second India Investment Fund, Netherlands, B.V and Industrial Credit and Investment Corporation of India (ICICI).

We develop commercially viable biotech processes for application in medicine, agriculture and industry. Our Company had also in the past undertaken contract manufacturing for large pharmaceutical and multinational companies and developing products for sale in global markets. We possess expertise and infrastructure in chemical synthesis, fermentation and enzymatic technologies.

We ensure that all our manufacturing processes are conducted in line with the current Good Manufacturing Practices (GMP) and adopt and implement the guidelines of ICH, APIC and other Regulatory Authorities.

Regulatory Authorities, customers and Certification Agencies periodically inspect our manufacturing units. Drugs Control Administration, Government of Andhra Pradesh has certified our Nellore and Visakhapatnam units as GMP unit vide their letters dated November 20, 2017 and November 22, 2017 respectively. These Certificates are valid for one year from the date of issue i.e. upto November 20, 2018 and November 22, 2018, respectively. Over the last few years our plant has been subjected to several international audits and has been acknowledged as a plant meeting the GMP standards. Our Visakhapatnam manufacturing facility has been approved by several regulatory agencies including European Directorate for Quality of Medicines (EDQM), AFSSAPS and Norwegian Medicines Agency.

Our present manufacturing facilities

We have two manufacturing plants in Andhra Pradesh, India - one in Nellore and other in Visakhapatnam. Both Units are equipped for chemical synthesis, fermentation and enzymatic technologies providing us with significant production capacity and capability.

Details of unit-wise capacity / capability are



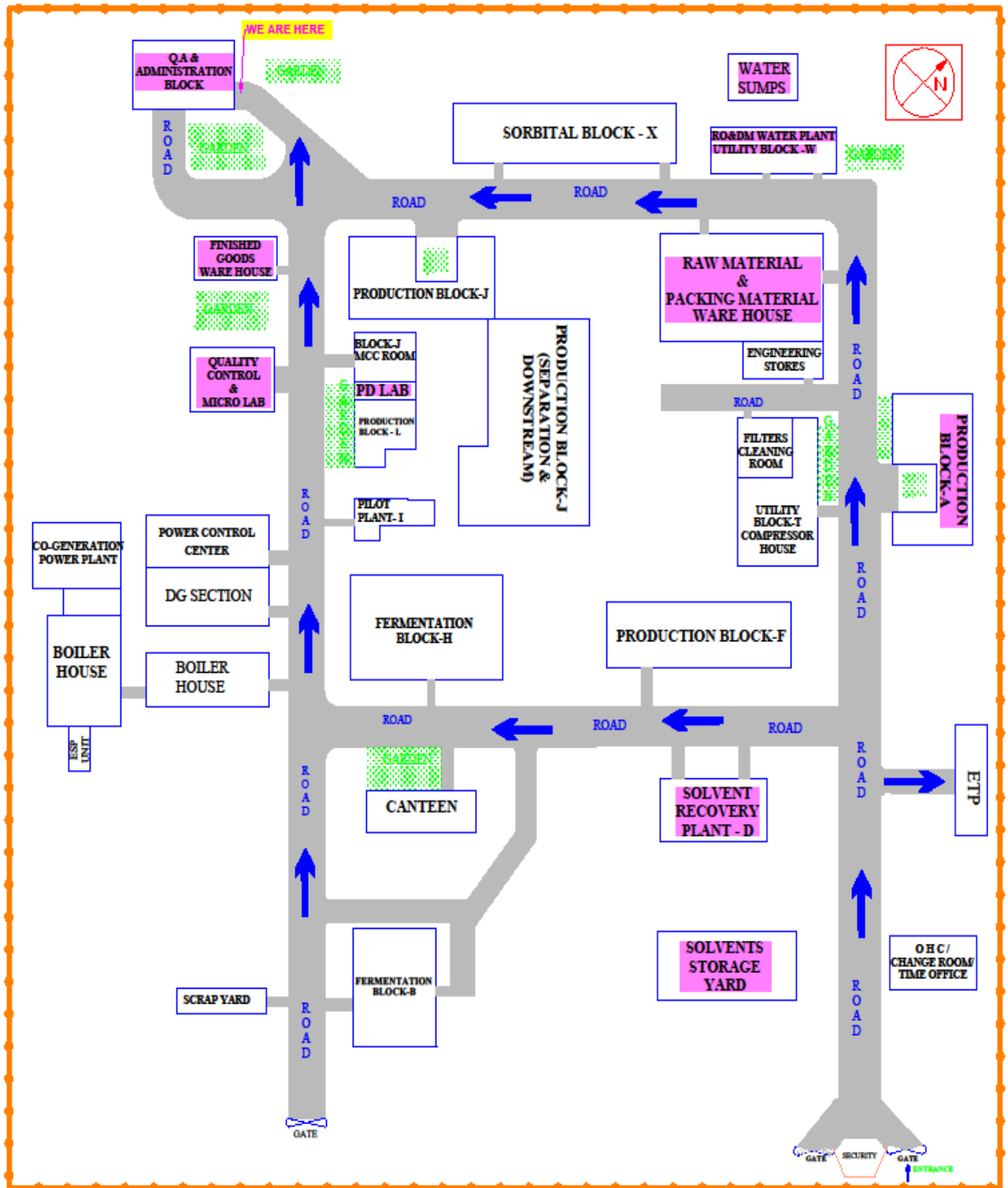
Unit 1 - Nellore	Unit 2 - Visakhapatnam
Fermentation and Enzymatic: 2 x 30KL, 1 x 12KL Fermenters with matching downstream processing equipment	Fermentation and Enzymatic: 2 x 10 KL, 2 x 75 KL, 4 x 110 KL Fermenters with matching downstream processing equipment with glucose plant for fermentation
Chemical Synthesis: Around 120 KL Reactor volume with 4 classified powder handling area	Chemical Synthesis: Around 150 KL reactor volume with 3 classified powder handling area
About 60 acres site with full-fledged effluent treatment plant	About 50 acres site with full-fledged effluent treatment plant alongwith 3.1 MW co-generation Power Plant.
Certifications: Indian GMP Approved	Certifications: WHO GMP Approved [Valid till 03.09.2018. We have applied for renewal and the same is awaited] and Indian GMP Approved

The unit at Nellore was commissioned during the year 1994 and the unit at Visakhapatnam was commissioned during 1999.

Layout of unit at Nellore – Unit I; total area about 2,59,000 sq. mtrs; plant processing area : about 1,00,000 sq. mtrs



Layout of unit at Visakhapatnam – Unit II; total area about 1,95,000 sq. mtrs; plant processing area : about 73,000 sq. mtrs





Our Company is currently manufacturing the following products :

Product	Application	Manufactured at
Simvastatin	Anti-cholesterol	Unit 2 - Visakhapatnam
Serratiopeptidase	Anti-inflammatory	Unit 2 - Visakhapatnam
Phenylephrine	Cold and cough	Unit 1 - Nellore

We also manufacture API Lovastatin, which is used by us for production of Simvastatin.

COMPETITIVE STRENGTHS

(a) Experienced management

We have an experienced management team working under the guidance of our Chairman Dr. R. T. Ravi, who has done PhD in biochemistry and has over 40 years of experience in applied biochemical research. The entry of Ipca Laboratories Ltd., as a promoter of our Company since 2015 is also expected to significantly contribute to our growth given their experience and track record as a successful pharmaceutical company with global operations.

(b) Manufacturing facilities:

We have well-equipped manufacturing facilities in two locations at Visakhapatnam and Nellore in Andhra Pradesh. Our facilities enable us to manufacture a range of products having demand in domestic and international market. Our Visakhapatnam unit is EDQM approved manufacturing facility.

(c) Expertise in fermentation technology:

We are one of the few organized players having expertise in the area of chemical synthesis, fermentation and enzymatic technologies.

(d) Strategic partnership with Ipca Laboratories Ltd.

Our strategic partnership with Ipca Laboratories Ltd., who are one of our Promoters, offers scope for enhancing our geographical reach and market penetration.

Weaknesses/ Challenges

- Our Company is operating in a competitive environment having presence of strong players in the segment. However, we believe, we have carved out our own space in the market and that the demand for APIs we manufacture is strong enough to absorb the capacities of the existing players.
- Our Company has been incurring losses since last several years. Our plants were shut down during 2013-14 owing to which the manufacturing and allied facilities have remained unutilised for long period of time. We may have to refurbish many of these facilities to bring our manufacturing capabilities to its optimal level, for which infusion of funds is required.

- The maintenance of the manufacturing plant continually compliant with current Good Manufacturing Practices is a challenging task and requires significant financial outlay as well as technical manpower skills in the organisation.
- The risk of price erosion in the regulated generic market due to intense competition is also a concern. However, we propose to develop products in niche segments/areas where competition is relatively lower. Our proposal to set up facilities for manufacture of intermediate for anti-convulsant drug is an initiative towards this strategy.

DETAILS OF THE PROPOSED PROJECT / CAPITAL EXPENDITURE PROGRAMME

(a) Location of the project

Our existing manufacturing facilities are located at Nellore and Visakhapatnam in the state of Andhra Pradesh.

The new product development and increase in the capacity of the existing APIs **Simvastatin** and **Serratopeptidase**, is proposed to be carried out at our manufacturing unit at Visakhapatnam.

(b) Plant, machinery, technology, process, etc.

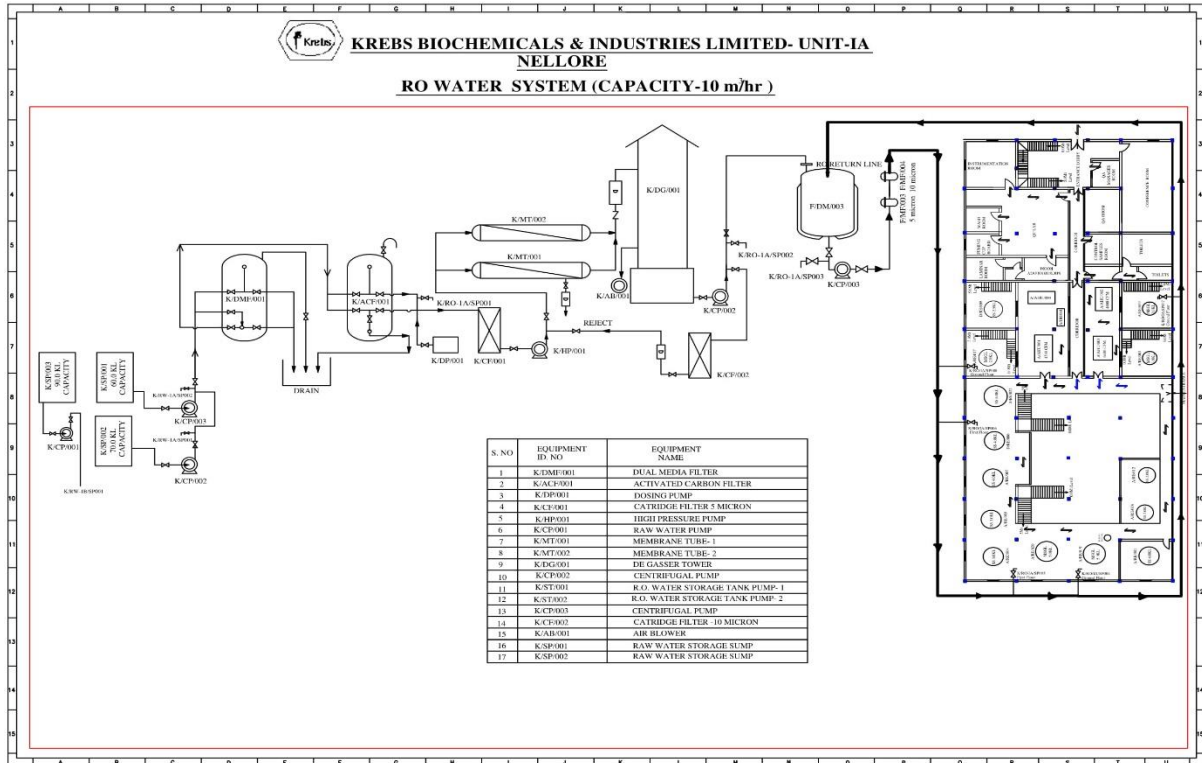
- *Details of existing critical equipment and utilities at our Nellore unit :*

Serial	Equipment	Capacity	Numbers
1	SS-Reactor	0.3 - 12.0 KL	30
2	MSGL-Reactors	0.25 - 5.0 KL	20
3	Fermenter	0.1 - 30 KL	11
4	SS Centrifuge	24" - 48"	16
5	SS Centrifuge (Rubber lining)	36"	1
6	ANF	4 KL	1
7	ANFD	2 KL	1
8	West Falia separator	6 M3/Hr	1
9	Fluid bed processor	120-150 Kgs/Hr	1
10	Vacuum tray drier	6 - 48 trays	4
11	Rota-cone vacuum drier	0.5 - 1 KL	4
12	Sifter	150 Kg/Hr	2
13	Blender	1 - 2 KL	3
14	Multi Mill	50 Kg/hr	2
15	Micropulverzer	50 Kg/hr	1
16	SS Tray Dryer	48 Trays	1
17	MS Tray Dryer	48 Trays	2
18	Decanter	4.0KL	2
19	Alfa laval Centrifuge	24 M ³ /Hr	1
20	Vapor Liquid Separator	1.0 KL	1
21	Liquid To Liquid Separator	6 M ³ /Hr	1
22	Multi Stage Distillation Column With Still Reboiler	5.0 KL/Hr	1
23	Holding Tank's	0.1 - 30.0 KL	8
24	Super Jet Mill	10 Kg/Hr	1

Serial	Equipment	Capacity	Numbers
25	SS Hydro Generator	0.35 - 1.5 KL	2
26	NUTSCHE Filter	1 KL	1
27	SS Solid Seperator	1 M ³ /Hr	1
28	Scrubber	400 - 600 CFM	4
29	DG Sets	200 - 600 KVA	02
30	Coal fired Boiler	1 - 2 Ton	02
31	Chillers	11 - 30 TR	06
32	Cooling towers	110 - 500 TR	06
33	RO Water Plant	10 m ³ /Hr	01
34	Deep Freezers	500 - 600 Lts	10
35	Air Compressors	15CFM - 930CFM	08
36	Chilled Water Tank	28.0 - 40.0 KL	02
37	Brine Water Tank	14.0 - 23.0 KL	02
38	Air Dryer	250 - 1300 CFM	02
39	VAM	80 TR	01
40	Air Handling Units	2000 - 10000 CFM	08

- *Major laboratory instruments at our Nellore unit :*

Serial	Equipment	Numbers
1	High Performance Liquid Chromatography (HPLC)	04
2	Headspace Gas Chromatography (HSGC)	01
3	Gas Chromatography (GC)	02
4	Polarimeter	02
5	Milli-Q Water System	01
6	Karl-fisher Apparatus	02
7	Stability chambers	04
8	UV-visible spectrophotometer]	02
9	FTIR	02
10	Auto Titrator	01
11	Autoclave	02
12	Microscope	02
13	Laminar Air Flow	01
14	Incubators	02
15	Cooling Incubators	02
16	Colony Counter	01
17	Refrigerators	02
18	Deep - freezer	01
19	Shakers	02



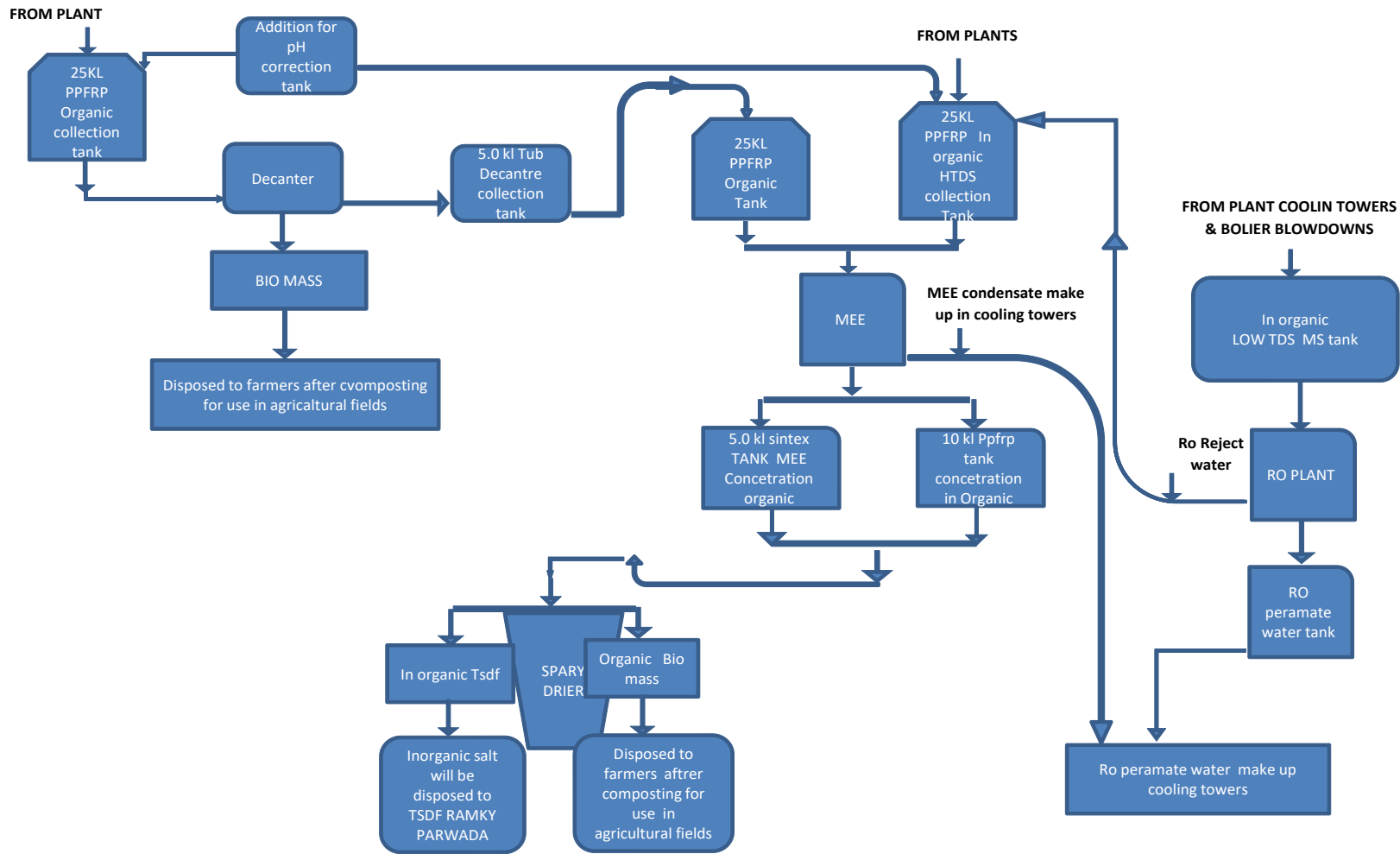
- Details of existing critical equipment and utilities at our Visakhapatnam unit :

Serial	Equipment	Capacity	Numbers
1	SS-Reactor	0.25-30.0 KL	37
2	GL-Reactor	3.0 KL	2
3	Fermenter	0.18 - 100 KL	13
4	Centrifuge	48"	13
5	West Falia Separator	6-12M3H	4
6	Fluid bed processor	120 Kg	1
7	Vacuum tray drier	36-48 Trays	2
8	Rota-cone vacuum drier	1000 Lts	4
9	Sifter	20"-30" (20-100 Kgs)	2
10	Blender	800-2000 Lts	3
11	Multi mill	25 Kg/hr	2
12	Micronizer	50 Kg/hr	1
13	DG Sets	1500 + 500 KVA	2
14	Power Plant	2.5 MW	1
15	Coal fired Boiler	6 T/hr	1
16	Furnace oil fired Boiler	6 T/hr	1
17	Chillers	11-210 TR	6
18	Nitrogen plant	50 Cu.m/Hr	1
19	Cooling towers	150-2500 TR	5
20	RO Water plant	25 Cu.m/Hr	1
21	DM Water plant	25 Cu.m/Hr	1
22	Air compressors	6 Cu.m/Min - 112CFM	4
23	Air handling units	2500-12000 CFM	8

- Major laboratory instruments at our Visakhapatnam unit :

Serial	Equipment	Numbers
1	High Performance Liquid Chromatography (HPLC)	3
2	Headspace Gas Chromatography (HSGC)	1
3	Gas Chromatography (GC)	1
4	Polarimeter	1
5	Milli-Q water system	1
6	Karl-fisher Apparatus	1
7	Stability chambers	3
8	UV-visible spectrophotometer	1
9	FTIR	1
10	Autoclave	2
11	Microscope	2
12	Laminar Air flow	4
13	Incubators	3
14	Colony counter	1
15	Refrigerators	3
16	Deep freezer	2
17	Shakers	11

Waste water treatment system - Visakhapatnam :



- *Details of machines and equipment proposed*

For details of the equipment and machines required for the proposed Capex, please refer Section "Objects of the Issue" appearing on page 57 of this draft Letter of Offer.

Except for the capex towards new product development / manufacturing (Rs. 211.84 lakhs), we have not placed any orders for any of the equipment / machineries. The cost of the machineries has been estimated by our management and no quotations have been obtained for the same.

Status of placement of orders for the equipment / machineries proposed

Description	Status on placement of order	Status on delivery of the equipment	Remarks
Development of new product	Orders placed for 100% of the equipment	About 7 equipments delivered	Balance delivery expected by January 2019
Fermenter block renovation	100% of the orders yet to be placed		Orders expected to be placed by March / April 2019
Recommissioning of power plant			
Downstream modification			
ETP / MEEs			

(c) Collaborations / performance guarantee

As on date of this draft Letter of Offer, we do not have any collaboration / joint ventures. Our promoters, Ipca Laboratories Limited, whose APIs and formulations produced are exported to over 100 countries across the globe, provide us with necessary technical and marketing support in the manufacturing and marketing of our products

(d) Marketing / distribution

Marketing / distribution of our products are currently done through the help from the marketing team of Ipca Laboratories Limited, one of our promoters.

(e) Utilities / infrastructure facilities

- Raw Materials : The raw materials for the existing and proposed products are available locally and through Imports and we do not foresee any scarcity in sourcing the raw materials in future.
- Water : Currently we have 6 bore-wells (2 at Nellore unit and 4 at Visakhapatnam unit). We can also source water from other private sources if there is any shortfall in supply from our internal bore-wells. The daily requirements of water are as under :



Unit I - Nellore

Particulars	Present requirement	Requirement post implementation of the project(s)
Raw water	60 KL	80 KL
Distribution details		
RO Water	25 KL	30 KL
Circulation water	8 KL	12 KL
Chilled water	2 KL	2 KL
Canteen	4 KL	6 KL

Unit II - Visakhapatnam

Particulars	Present requirement	Requirement post implementation of the project(s)
Raw water	350 KL	900 KL (approx.)
Distribution details		
RO Water	150 KL	600 KL
DM Water	30 KL	450 KL
CT Water circulation	100 KL	200 KL
Chilled water	15 KL	25 KL
Canteen	10 KL RO Reject and 2 KL RO water	10 KL
ABD + QC	5 KL RO Reject and 2 KL RO water	5 KL RO Reject and 2 KL RO water
General usage	15 KL to 25 KL	50 KL

- Electricity : Electricity of 2,200 KVA through Eastern Power Distribution Company of A.P. Limited (APEPDCL) and 700 KVA through Southern Power Distribution Company of A.P. Limited (APSPDCL) is available to our Visakhapatnam and Nellore units respectively which is for all the operations at plants. Further 3.1 MW co-generation power plant is also proposed to be recommissioned at Visakhapatnam to take care of further requirements of electricity.
- Steam : For generating steam, the requirement of coal is estimated at 800 MT per month and 120 MT per month for our units at Visakhapatnam and Nellore. The coal takes care of our present and future steam requirements and we do not foresee any difficulty in procuring the same.
- Effluent treatment / waste management : Both of our manufacturing units are well equipped to handle effluents and treat them efficiently. In addition, we are proposing for MEE project in Nellore to handle additional effluent generation also.
- Manpower :

The existing manpower available with us is as under :

Category	Visakhapatnam	Nellore	Head Office	Total
Permanent	223	159	23	405
Contract basis	91	51	1	143
Total	314	210	24	538

(f) Products

Our Company is currently manufacturing the following products :

Serial	Product	Application	Manufactured at
1	Simvastatin	Anti-cholesterol	Unit 2 - Visakhapatnam
2	Serratiopeptidase	Anti-inflammatory	Unit 2 - Visakhapatnam
3	Phenylephrine	Anti cold and cough	Unit 1 - Nellore

1. Simvastatin : Our existing installed capacity of this product is about 50-60 MT per annum. Total world market is estimated at 400-500 MT per annum. We face competition from few Indian pharma companies like Biocon and Themis Medicare besides Chinese suppliers.
2. Serratiopeptidase: It is an API, nutraceutical and anti-inflammatory product, which is sold to formulation (finished dosage) manufacturers.
3. Phenylephrine: It is an API and used in Anti-Cough and cold medications sold to formulation (finished dosage) manufacturers (B2B). We face competition from Indian pharma companies like Divis Laboratories Ltd., Malladi Drugs & Pharmaceuticals Ltd. etc.

All the above products are currently marketed by us through experienced marketing team of Ipca, one of our promoters.

The particulars of installed and utilisation of capacity are as under :

Financial Year	Product	Installed Capacity	Utilised Capacity
2015-16	Phenylephrine	NA	NA
	Simvastatin	2.50 MT per month	5.00%
	Serratiopeptidase	NA	NA
2016-17	Phenylephrine	NA	NA
	Simvastatin	5.00 MT per month	5.00 %
	Serratiopeptidase	NA	NA
2017-18	Phenylephrine	4.50 MT per month	25.00%
	Simvastatin	5.00 MT per month	12.00%
	Serratiopeptidase	3.00 MT per month	25.00%

Since the manufacturing units of our Company were closed from 2013 to 2014, the utilisation of capacities are low due to time taken in re-entering the market and re-evaluation by customers of Company's products.



BUSINESS STRATEGY

1. Contract Manufacturing Activity which we were earlier undertaking for the domestic industry has undergone a rough phase during the last several years due to (i) intense competition, (ii) increased GMP Requirements, (iii) steep hike in input costs. Besides, some of the products that were being manufactured at our plant for certain clients have come under DPCO thereby making the products unviable for our clients, resulting in discontinuation of contract manufacturing with us. These factors have impacted the viability of domestic contract manufacturing activity. To mitigate this risk, the Company ventured into research and manufacturing services for the overseas market in addition to the manufacturing activity for the domestic market through its own manufacture of APIs such as **Phenylephrine, Simvastatin and Serratiopeptidase**.
2. As part of our long-term strategy, we undertook a major restructuring exercise during the year 2015 and entered into a strategic alliance with Ipca Laboratories Limited. The strategic alliance provided for (i) change of management control with additional equity funds infusion to retire all high cost debts, pay all the defaulted statutory outstandings and also meet our working capital and capital expenditure requirements; (ii) Technical support for the improvement of GMP compliances, quality standards and development of new products; and (iii) marketing support for marketing of our APIs through Ipca's experienced marketing team
3. This strategic alliance also helped us in restarting our manufacturing facilities which were non-operational for quite sometime.

FUTURE PROSPECTS

As our units were closed for considerable period of time, the process of restarting the manufacturing facilities has been gradually gaining momentum and with the proposed capital expenditure programme, we expect to have the manufacturing facilities to be fully functional. This will enable us to improve capacity utilisation of our plants in the coming years.

MANUFACTURING PROCESS

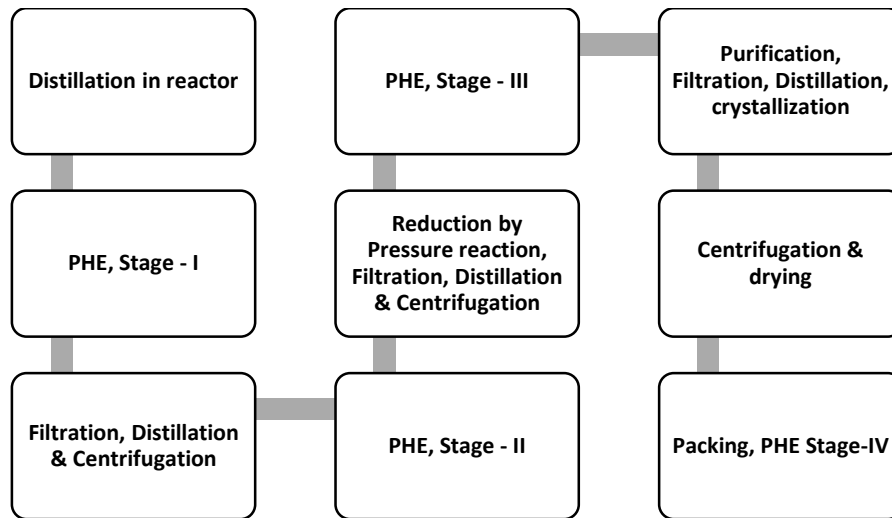
The manufacturing process of our products presently manufactured by our Company are as under :

(A) Phenylephrine

Phenylephrine is a decongestant that shrinks blood vessels in the nasal passages. Dilated blood vessels can cause nasal congestion (stuffy nose). It is used to treat nasal and sinus congestion, or congestion of the tubes that drain fluid from your inner ears, called the eustachian (yoo-STAY-shun) tubes.

Phenylephrine is sold as an oral medicine or as a nasal spray. It is a common ingredient in over-the-counter decongestants sold in the United States and several other countries.

Process Flow

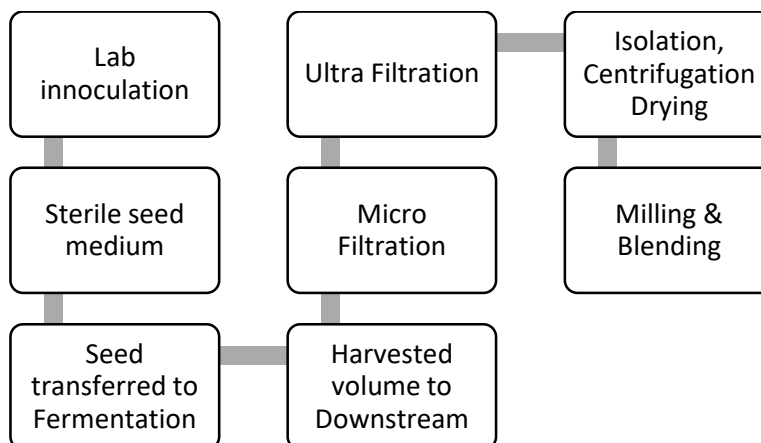


(B) Serratiopeptidase

Serratiopeptidase is a proteolytic enzyme (protease) produced by non-pathogenic enterobacterium *Serratia* sp. E-15. This microorganism was originally isolated in the late 1960s from silkworm *Bombyx mori* L. (intestine). Serratiopeptidase is present in the silkworm intestine and allows the emerging moth to dissolve its cocoon. Serratiopeptase is produced by purification from culture of *Serratia* E-15 bacteria.

Serratiopeptidase has been used successfully for almost 40 years in Japan and Europe for relief of pain and inflammation due to arthritis, trauma, surgery, sinusitis, bronchitis, carpal tunnel and painful swelling of the breasts. It acts upon inflammation by thinning the fluids in the body that collect around injured areas and increases fluid drainage. Serratiopeptidase also enhances tissue repair and reduces pain. Pain is also reduced by this enzyme's ability to block amines. It also has the unique ability to dissolve the dead and damaged tissue that is a by-product of the healing response without harming living tissue.

Process Flow



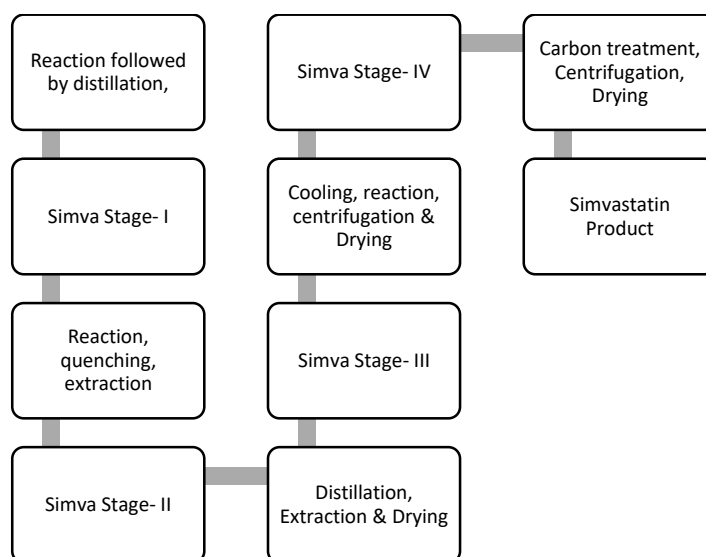
(C) Simvastatin

Simvastatin is a lipid-lowering medication. It is used along with exercise, diet, and weight loss to decrease elevated lipid (fat) levels. It is also used to decrease the risk of heart problems in those at high risk. It is taken orally.

The primary uses of simvastatin are to treat dyslipidemia and to prevent atherosclerosis-related complications such as stroke and heart attacks in those who are at high risk. It is recommended to be used as an addition to a low-cholesterol diet.

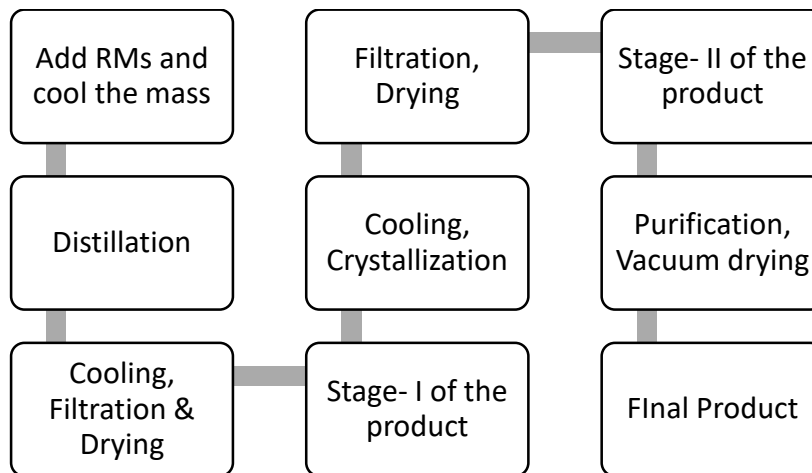
Simvastatin is used along with a proper diet to help lower "bad" cholesterol and fats (such as LDL, triglycerides) and raise "good" cholesterol (HDL) in the blood. It belongs to a group of drugs known as "statins." It works by reducing the amount of cholesterol made by the liver.

Process Flow



Process flow of the proposed product (intermediate of anticonvulsant drug)

The new product proposed is widely used in the synthesis of two APIs, namely i) Levetiracetam and ii) Ethambutol. The API Levetiracetam is widely used to treat Epilepsy. It is also used for the treatment of partial, myoclonic, or tonic-clonic seizures associated with autism spectrum disorder. Another API Ethambutol is primarily used for the treatment of Tuberculosis. This drug is usually given in combination with tuberculosis medications, such as Isoniazide, rifampicin and pyrazinamide.



EXPORT OBLIGATION

There is no export obligation on our Company/

ENVIRONMENTAL IMPACT

Environmental protection and management is an essential part of Krebs’s operations. Measures have been taken to reduce waste and ensure environmental protection at both our units, including:

- Elaborate effluent treatment facility for biological / inorganic / hazardous waste
- Rigorous controls to ensure zero liquid discharge
- Air emission control devices to meet air pollution regulations
- Waste minimization programs to reduce the amount of disposable waste
- Each Unit has at least 40% of its land laid to greenbelt

INTELLECTUAL PROPERTY RIGHTS

The products manufactured as well as those intended to be manufactured are off-Patent. We do not have any patented intellectual property rights or trade mark on the products we manufacture and market.



KREBS BIOCHEMICALS & INDUSTRIES LIMITED

INSURANCE

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

Insurer	Category	Items covered	Sum insured (Rs. lakhs)	Maturity
The New India Assurance Company Ltd	Fixed Assets	Fire Policy No 61170011170100000096 (Building, P&M, Electrical, Office Equipment, Cash Box)- Nellore	15,970.00	December 12, 2018
		Fire Policy No 61170048170300000004 (Cash Box)- Nellore	2.00	
		Fire Policy No 61170011170100000097 (Building, P&M, Electrical, Office Equipment) - Visakhapatnam	30,660.00	
		Fire Policy No No 61170048170300000005 (Cash Box) - Visakhapatnam	2.00	
The New India Assurance Company Ltd	Vehicles	Commercial Vehicle Package Policy - 55270031176361000722 (Vehicle#AP-31TG0589) (Visakhapatnam) (Ashok Leyland Dost)	3.10	March 29, 2019
		612900311701000001028	3.20	November 29, 2018
Bajaj Allianz General Insurance Company Ltd		Commercial Vehicle Policy-Class D #OG-19-1828-1811-00000008 (Vehicle#AP-31Y4900) (Omni Ambulance)	1.09	May 24, 2019
		OG-19-1828-1801-00000563	5.58	September 12, 2019
		Motor Policy - AP-31AK8118 (Visakhapatnam) (Skoda)		
		OG-19-1828-1801-00000571	2.00	September 15, 2019
The New India Assurance Company Ltd	Stocks	Marine Cargo Open Policy-61170021170200000011 (Visakhapatnam &Nellore)	2,500.00	February 23, 2019
		Burglary-First Loss Policy -61170046170100000050 (Visakhapatnam)	950.00	March 19, 2019
		Burglary-First Loss Policy -61170046170100000049 (Nellore)	550.00	
		Standard Fire & Special Perils Policy - 61170011170100000118 (Nellore)	550.00	
		Standard Fire & Special Perils Policy- 61170011170100000117 (Visakhapatnam)	950.00	
The New India Assurance Company Ltd	Employees	Group Personal Accident Policy-61170042170100000291 (Visakhapatnam, Nellore & HO)	3,696.00	January 29, 2019
The Oriental Insurance Company Limited		Public Liability Industrial Policy 431500/48/2019/105	20.00	April 6, 2019
HDFC Standard Life Insurance Company Ltd		EDLI EMPLOYEES LINKED POLICY-No.GP000064 (Visakhapatnam, Nellore & Head Office)	2,275.56	October 17, 2018



PROPERTY

The details properties occupied by our company on ownership / leasehold basis are given below :

Own property - Nellore Unit

Serial	Description of the property	Area (acres)	Agreement date	Name of seller	Acquisition cost (Rs.)
1	Survey Nos.726 & 727	4.50	06.07.1992	P Vankata Rami Reddy	1,53,000
2	Survey Nos.726,727 & 728/1	3.00	16.09.1992	N Sambasiva Rao	1,59,000
3	Survey No.726,727 & 728/1	3.00	23.09.1992	N Sambasiva Rao	1,59,000
4	Survey Nos.727 & 728/1	4.54	19.10.1992	D.China Vewnkata Swamy & Sons	1,81,600
5	Survey Nos.727 & 728/1	0.88	19.10.1992	D.China Vewnkata Swamy & Sons	35,200
6	Survey Nos.727 & 728/1	1.00	19.10.1992	G Bujjamma	45,000
7	Survey No.726,	4.50	16.01.1993	V Radhika	1,53,000
8	Survey Nos.519,528/1,529/5& 728/3	6.12	29.09.1995	R Ramamma	3,67,200
9	Survey No.527,528/3,529/5&728/3	6.93	29.09.1995	P Chandraiah	4,15,800
10	Survey Nos.527,529/5&728/3	4.00	07.09.1995	Chemukula Yanadi	2,40,000
11	Survey Nos.527,728/3,529/5&527	8.33	24.08.1995	N Ramanamma & Srinivasulu	4,99,800
12	Survey No.527	2.22	24.07.1996	Ch Venkata Krishnaiah	1,69,900
13	Survey Nos.728/3,529/5 & 527	3.28	08.11.1996	Ch Balakotaiah & Sons	2,51,000
14	Survey Nos.527,728/3,529/5&528/1	0.12	25.11.1996	P Chendraiah & Bros	9,200
15	Survey Nos.727 & 728/1	4.00	16.05.1996	D Naidu & D Lakshmiah	4,15,000
16	Survey Nos.727 & 728/1	4.53	18.05.1996	D Naidu & D Lakshmiah	4,53,000
17	Survey No.728/1	1.02	16.10.1996	K Ramanamma	1,01,500
18	Diminutive of Land towards widening of NH	(1.20)			
	Total	60.77			



KREBS BIOCHEMICALS & INDUSTRIES LIMITED

Own property - Visakhapatnam Unit

Serial	Description of the property	Area (acres)	Agreement date	Name of seller	Acquisition cost (Rs.)
1	43/20,28,27,09,157/2,1,43/40 & 44/4	3.51	25.10.1996	G Ramana & Others	1,53,000
2	44/8,43/20,28,32,157/1 &2	3.50	26.10.1996	Allam Juvvalu	1,47,000
3	44/1,6,43/7,15,25,27,156/3,157/1,2	3.85	26.10.1996	Kota Jogunaidu	1,64,500
4	157/1	2.80	29.10.1996	G Chinnitalli	1,12,000
5	158	4.14	02.11.1996	S V Sanyasiraju	1,65,600
6	158	2.07	04.11.1996	N Appalanaidu	82,800
7	158	2.07	04.11.1996	N Varapu Mangamma	82,800
8	157/1	2.80	07.11.1996	Allam Juvvalu	1,12,000
9	44/7,43/2,6,9,22,157/2	0.71	29.10.1996	Gangiredla Kondadu	35,500
10	43/12,39,09,44,25,46,157/2	0.72	30.10.1996	Gangiredla Apparao	28,800
11	44/11,43/38,33,21,157/2	0.91	30.10.1996	Kota Subrahmanyam	36,800
12	97/3,2B	0.39	04.11.1996	Kommoju Apparao	19,500
13	97/6,9A,11,3,9	0.35	04.11.1996	Senapathi Nookaraju	17,500
14	97/3A,2C,5,7,6,9C,10	0.64	02.11.1996	Korrayi Juvvalamma	32,000
15	97/1,4,8,9B	0.72	02.11.1996	Sunkara Manakyam	36,000
16	99/12,99/13 & 99/28	0.325	17.03.1997	K Appa Rao	16,250
17	99/15,12,14,16,7,98/28,29,30	1.835	19.03.1997	N Sanyasamma	75,250
18	100/23,30 & 32	0.26	21.03.1997	C Appa Rao	13,000
19	44/2,5,10,12, & 43/1	0.83	07.07.1997	J Nukaraju	51,600
20	43/3,10,14,16,19,24,31,37,42,43,44&47&157/2	2.18	07.07.1997	J Nukaraju	1,30,800
21	43/13,38,44/11,156/3,157/2,47,43/5 &26	1.04	19.07.1997	K Chinatalli	62,400
22	159/1 & 159/3	3.675	16.05.1998	N Satyanarayana	1,47,000
23	100/2,100/30,100/32	0.20	19.05.1998	M Jhansi Lakshmi	8,000
24	159/1 & 159/4	3.525	16.05.1998	V Suryakantam	1,41,000
25	159/4	0.65	16.05.1998	Y Paydiraju	26,000
26	47, 157/2	0.17	30.03.2002	G Kondadu	22,100
27	47, 157/2	0.22	30.03.2002	K Simhachalam	28,600
28	47, 157/2	0.16	30.03.2002	G Ramana	20,800
29	43/4,9,17,21,36,34,41,44/9,47,157/2	1.11	30.03.2002	A Suryakantham	1,44,300



KREBS BIOCHEMICALS & INDUSTRIES LIMITED

Serial	Description of the property	Area (acres)	Agreement date	Name of seller	Acquisition cost (Rs.)
30	43/8,11P,21,29P,35,18,41,44/9,13,47,157/2	1.23	30.03.2002	A Juvvalu	1,59,900
31	157/2	0.47	30.03.2002	J Nukaraju	61,100
32	43/11P,18,21,23,29P,30,41,44/3,9,47,157/2	1.30	30.03.2002	V Manikyam	1,69,000
33	157/2	0.10	30.03.2002	P Sattibabu	13,000
34	157/2	0.18	30.03.2002	K Chinatalli	23,400
35	47, 157/2	0.26	30.03.2002	K Subramanyam	33,800
36	43/21,47,157/2	0.18	30.03.2002	G Apparao	23,400
37	126/3	0.86	01.12.2006	T.Suryakantamma	32,000
	Total	49.94			

Leased property

Serial	Description of the property	Lessor / lease details	Area	Consideration	Used as
1	8-2-577/B, Plot No.34, Mass Heights, Road No.8, Banjara Hills, Hyderabad, Telangana - 500 034	Mr. Bejugam Sunil / Ms Bejugam Harika Lease from July 2017 to June 2020	1,950 sq. ft.	Rent : Rs. 1,10,250/- p.m. Deposit : Rs. 5,10,000/-	Corporate Office
2	H.No.15/471, Venkatarama Puram, Nellore - 524 001 Andhra Pradesh	Ravi Agroceuticals Pvt Ltd Agreement: Mutual Understanding	705.11 Sq. Yards Cellar, Parking : RCC 2,445.33 Sq. ft. Ground floor : ACC 175 Sq. ft. First floor : RCC 1,513.02 Sq. ft.	Rent : Rs. 25,000/- p.m. Deposit : Nil	Guest House for Directors at Nellore Unit
3	PVR Enclave Flat No.503, Fifth Floor, Road No.1,Rammurthy Nagar, Near Muthukunta Junction, Nellore - 524 001 Andhra Pradesh	Mr. Pattabirami Reddy Agreement: Mutual Understanding	1,250 sq. ft.	Rent : Rs. 16,000/- p.m. (plus maintenance of Rs. 1,000/- p.m.) Deposit : Nil	Guest House for Staff at Nellore Unit



KREBS BIOCHEMICALS & INDUSTRIES LIMITED

Serial	Description of the property	Lessor / lease details	Area	Consideration	Used as
4	Flat No.209, First Floor, Geetanjili Elite Apartments, Anakapalle, Vishakhapatnam - 500 001 Andhra Pradesh	Smt. Budireddy Kamala, Agreement: Mutual Understanding 5% Increase of Rent for every 12 Months	1,000 sq. ft.	Rent : Rs. 16,025/- p.m. (<i>plus maintenance of Rs. 1,200/- p.m.</i>) Deposit : Rs. 20,000/-	Guest House for Staff at Visakhapatnam Unit
		Mr. Budireddy Gangaiah, Agreement: Mutual Understanding	Furniture taken on rent	Rent : Rs. 5,000/- p.m. Deposit : Nil	
5	Flat No.208, 1st Floor, Geetanjili Elite Apartments, Anakapalle, Vishakhapatnam - 500 001 Andhra Pradesh	Mr.Pusarala Ravindra Agreement: Mutual Understanding	1,000 sq. ft.	Rent : Rs. 7,000/- p.m. (<i>plus maintenance of Rs. 1,200/- p.m.</i>) Deposit : Rs. 21,000/-	Guest House for Staff for Visakhapatnam Unit



KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies that are applicable to our business, as prescribed by the Government of India and other regulatory bodies. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by the regulatory bodies and the bye laws of the respective local authorities that are available in the public domain. The regulations set below may not be exhaustive, are intended only to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. For details of government approvals obtained by us, please refer to section titled "Government and Other Approvals" beginning on page 277 of this Draft Letter of Offer.

We are a pharmaceutical company engaged in development and manufacturing of quality pharmaceutical products and is governed by a number of central and state legislations that regulate its business. Further our Company is subject to and affected by certain foreign laws, particularly laws relating to Pharmaceutical Industry and intellectual property. Applicable laws of jurisdiction outside India have not been set out or detailed herein. No action or omission should be taken or contemplated based on the contents below without independent verification with each prospective investors' legal advisors, and any prospective investor who does so without such independent verification and based on the contents hereinbelow would do so at his / her / its sole risk and without recourse to our Company or the Lead Manager or any other person or entity whatsoever.

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

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

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

Under the DCA, the Government may, by notification in the official gazette, regulate or prohibit the manufacture, sale or distribution of a drug, if it is satisfied that in the public interest, it is necessary or expedient to do so or that the use of such drug is likely to involve any risk to human beings or animals or that it does not have the therapeutic value claimed or purported to be claimed for it or contains ingredients and in such quantity for which there is no therapeutic justification. Penalties in terms of fine and imprisonment are prescribed under the DCA for contravention of its provisions. The Central Government has also notified the Drugs and Cosmetics Rules in 1945 (the "DC Rules") to give effect to the provisions of the DCA. The DC Rules lay down the process for obtaining various approvals and licenses as required under the DCA, including licenses required for new drugs and imported drugs. It also lays down guidelines for good manufacturing practices and requirements of premises, plants and equipments for pharmaceutical products. It provides for general requirements for, including, location and surrounding of the factory building, maintenance of water systems, waste disposal mechanisms, warehousing, sanitation in manufacturing premises, health, clothing and sanitation of workers etc.



Essential Commodities Act, 1955 (“the ECA”)

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

The Drugs (Prices Control) Order, 2013 (the “DPCO”)

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

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

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



The Poisons Act, 1919 (the “Poisons Act”)

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

Trade Marks Act, 1999

The Trade Marks Act, 1999 (the “**Trademark Act**”) governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law. Indian trademark law permits the registration of trademarks for goods and services so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A ‘mark’ may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. An application for trademark registration may be made by individual or joint applicants and can be made on the basis of either use or intention to use a trademark in the future. However, the registration of a trademark that is not inherently distinctive on the basis of intent to use may be difficult to obtain.

Applications for a trademark registration may be made for in one or more international classes. The trademark, once applied for, is advertised in the trademarks journal. Oppositions, if any, are invited and, after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration has to be restored.

Indian Patent Regulation

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

The Patents (Amendment) Act, 2005 passed by Indian Parliament on March 17, 2005, has made certain changes to the Patents Act, 1970 (the “**Patents Act**”). The definition of inventive step in the Patents Act has been amended to exclude incremental improvements or ever greening of patents. Under the amended Patents Act, an inventive step must involve a technical advance as compared to the existing knowledge or must have economic significance or both. Further, the invention must be non-obvious to a person skilled in the art. Another amendment, with a view to reducing ever greening of patents, is the expansion of the Section 3 which determines what are not patents. Section 3(d) of the Patents Act has been amended such that the following are not patents:

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



Contract Labour (Regulation and Abolition) Act, 1970

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

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

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

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

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

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

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

- (i) *The Employees Provident Fund Scheme:* as per this Scheme, a provident fund is constituted and both the employees and employer contribute to the fund at the rate of 12% (or 10% in certain cases) of the basic wages, dearness allowance and retaining allowance, if any, payable to employees per month.
- (ii) *The Employees Pension Scheme:* Employees’ Pension Scheme is Pension Scheme for survivors, old aged and disabled persons. This Scheme derives its financial resource by partial diversion from the Provident Fund contribution, the rate being 8.33%. Thus, a part of contribution representing 8.33 per cent of the employee’s pay shall be remitted by the employer to the Employees’ Pension fund within 15 days of the close of every month by a separate bank draft or cheque on account of the Employees’ Pension Fund contribution in such manner as may be specified in this behalf by the appropriate authority constituted under the Act. The Central Government shall also contribute at the rate of 1.16 per cent of the pay of the members of the Employees’ Pension Scheme and credit the contribution to the Employees’ Pension Fund.



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

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

The Factories Act, 1948

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

The Indian Boilers Act, 1923

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

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

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



organisms. The Act envisages establishing a Central Board as well as State Board for Prevention and Control of Water Pollution.

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

The Central Goods and Services Tax Act, 2017 (GST)

GST is a single tax on the supply of goods and services, right from the manufacturer to the consumer. Credits of input taxes paid at each stage will be available in the subsequent stage of value addition, which makes GST essentially a tax only on value addition at each stage. The final consumer will thus bear only the GST charged by the last dealer in the supply chain, with set-off benefits at all the previous stages.

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

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

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

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

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



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

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

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

The Customs Act, 1962

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

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (the "Hazardous Wastes Rules")

The Hazardous Wastes Rules aim to regulate the proper collection, reception, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose such waste without adverse effect on the environment, including through the proper collection, treatment, storage and disposal of such waste. Every occupier and operator of a facility generating hazardous waste must obtain an approval from the relevant state Pollution Control Board. The occupier, the transporter and the operator are liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste. The operator and the occupier of a facility are liable for any fine that may be levied by the relevant State Pollution Control Boards. Penalty for the contravention of the provisions of the Hazardous Waste Rules includes imprisonment up to five years and imposition of fines as may be specified in the EPA or both.

Labour Related Laws:

As part of its business, our Company is required to comply with certain laws in relation to the employment of labour. The following is an indicative list of labour laws applicable to our operations:

- The Contract Labour (Regulation and Abolition) Act, 1970;
- The Employees' Compensation Act, 1923;
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952;



- The Employees' State Insurance Act, 1948;
- The Industrial Disputes Act, 1947;
- The Minimum Wages Act, 1948;
- The Payment of Bonus Act, 1965;
- The Payment of Gratuity Act, 1972;
- The Payment of Wages Act, 1936.

Other Laws

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



HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was originally incorporated as Krebs Biochemicals Limited under the Companies Act, 1956 and the Certificate of Incorporation was issued by the Registrar of Companies, Andhra Pradesh on December 2, 1991. Certificate of Commencement of Business was issued on May 8, 1992 by the Registrar of Companies, Andhra Pradesh. The name of our Company was changed to Krebs Biochemicals & Industries Limited and a Fresh Certificate of Incorporation consequent to change of name issued by the Registrar of Companies, Andhra Pradesh, Hyderabad on November 21, 2003.

Our Company was established with the main objective of establishing commercially viable biotech processes for application in medicine, agriculture and industry, Our Company has been a pioneer in fermentation technology in India.

Year	Key milestones
1991	Incorporation of our Company
1994	Public Issue of Equity Shares and listing on Stock Exchanges at Hyderabad and Mumbai
1994	Set up our Company's plant at Nellore and commencement of commercial production of Anti asthmatics; Ephedrine and Pseudoephedrine
1999	Set up plant in Visakhapatnam and starts commercial production of Anti Cholesterols: Lovastatin and Simvastatin
2003	Inspection and approval by the USFDA for unit at Nellore. Commissioned 2.5 MW co-generation power plant at Visakhapatnam unit
2005	US Government bans over-the-counter sales of Anti Asthmatics; Ephedrine and Pseudoephedrine resulting in greater product diversification
2007	Inspection and approval by EDQM and AFFSAPS (French Health Authority) for unit at Visakhapatnam
2011	Re-inspection and approval of USFDA for the Nellore unit
2013	Lock-out at Visakhapatnam and Nellore units
2014	Memorandum of Settlement with workers of Visakhapatnam and Nellore unit
2014	Recommencement of productions at Visakhapatnam and Nellore units
2014	Settlement Agreement with Edelweiss Asset Reconstruction Company Limited
2014	One-time settlement (OTS) with Banks for the outstanding dues
2015	Strategic alliance with Ipca Laboratories Limited
2017	APIs Phelylephrine and Serratiopeptidase commercialised
2017	Inspection and approval by EDQM for unit at Visakhapatnam in respect of product Simvastatin

Changes in registered office of our Company since incorporation

The Registered Office of our Company is situated at Kothapalli Village, Kasimkota Mandal, Anakapalli, Visakhapatnam – 531 031; A.P. The changes in the registered office of our Company during the past is given below :



Date of change (Board Meeting date)	From	To
September 19, 2001	Unit 5 & 6, I floor, 6-3-713, Amrutha Hills, Topaz Complex, Punjagutta, Hyderabad - 500082	401-402, 4th Floor, Cyber Heights, Plot # 13, Road # 2, Banjara Hills, Hyderabad - 500033.
July 30, 2009	401-402, 4th Floor, Cyber Heights, Plot # 13, Road # 2, Banjara Hills, Hyderabad - 500033.	8-2-277/A, Plot N-.130, 4th Floor, Inwinex towers, Road # 2, Banjara Hills, Hyderabad - 500034
May 15, 2013	8-2-277/A, Plot N-.130, 4th Floor, Inwinex towers, Road # 2, Banjara Hills, Hyderabad - 500034	Plot # 34, 8-2-577/B, 3rd Floor, Maas Heights, Road # 8, Banjara Hills, Hyderabad - 500034
July 14, 2016 (Date of passing order by RD)	Plot # 34, 8-2-577/B, 3rd Floor, Maas Heights, Road # 8, Banjara Hills, Hyderabad - 500034	Kothapalli (V), Kasimkota (M), Anakapalli, Visakhapatnam - 531031

Main Objects

The main objects of our Company as contained in its Memorandum of Association are:

- To manufacture, sell, import, export and distribute all kinds of biochemicals including enzymes, hormones, vaccines, plant and animal extracts and chemicals, natural and synthetic, used in pharmaceuticals, analytical agents, genetical engineering agents, drug intermediates, diagnostics and pesticides, growth factors and plant stimulants.*
- Extraction sale, import, export and distribution of active ingredients from natural sources like plants, animals, subterranean and (marine) aquatic sources including vaccines, serums, antibiotics and immunologies and sell them with or without processing.*
- Manufacture of industrial, pharmaceuticals and fine chemicals and to act as sellers, stockists, agents and distributors of such products.*
- To conduct research and development in chemicals processes for better utilization of raw material wastes and natural resources and methods of pollution control to apply and take advantage of the latest developments in biotechnology and genetical engineering leading to Innovation of new process and products for application in medicine, agriculture and industry.*
- To purchase, grow sugarcane and manufacture sugar and allied product, from sugarcane, sugar molasses and other substances or from any intermediary products thereof and to "purchase, stock, process and use extracts of sugarcane, sorghum, maize, rice, sago, and any other starchy material and to setup, acquire and run manufacturing units for the above purposes.*
- To buy, sell, trade, exchange ,export, Import, act as agents, stockists, distributors and or otherwise dealing any other manner in all varieties of sugars including Khandsari and all other allied products, by-products, chemicals or other substances including spirits, molasses, jaggery, and similar sugar/starchy materials and in all kinds or organic chemicals or product& manufactured there from or products used in their production and to do all other acts and things which are conducive to the attainment of the business aforesaid.*
- To carry on the business of brewers, Distillers and Manufacturer of and act as merchants and dealers in Molasses. Absolute Alcohol, Industrial Alcohol and Neutral Alcohol, rectified Spirit, denatured spirit, methylated spirit, ether, ethyl alcohol, gasohol and other organic chemicals derived from alcohol and spirit produced by use of sugarcane molasses, sorghum, maize, rice, broken rice, barley, malt, tapioca roots wet or dry or any other starch and/or cellulose containing materials.*
- To generate, harness develop, accumulate, distribute, transmit and supply electricity produced along with process steam by use of solid, liquid, gaseous fuels, biomass or any other renewable and/or non-renewable*



energy sources for the purposes of light, heat, motive power and for all other purposes for which electric energy can be employed and to consume In-house, transmit, distribute and supply such power either directly or through transmission lines and facilities of the State Electricity Board and to other consumers of electricity and generally to develop, generate, accumulate power at any other place or places and to transmit, distribute, sell and supply such power.

9. To carry on the business of manufacture, produce, grow, process, prepare, extract, distil, filter, purify, separate, dry, pack, condense, concentrate, refine, preserve, can, freeze, bottle, store, buy, sell, import, export, stock, trade and dealing and or any kind of agricultural produce and agricultural inputs like seaweed's, fertilizers, bio-fertilizers, genetically treated seeds, agricultural & vegetable produce, extracts, food products, cereal products, tea, coffee, cocoa, seeds, fruits, vegetables, milk products, poultry, animal husbandry, pisciculture, sericulture, floriculture, horticulture and products thereof, dairy and dairy products and allied products including and consisting of the plants, medicinal plants pulp, fiber, vegetables, roots, seeds, spices, spice oils extracts, edible oils, cereals, pulses, gram, grain, leaves, branches, herbs, flowers, fruits, nuts, natural colors, flavors, additives, perfumes, grass, and any food related items relating to above.
10. To manufacture, produce, refine process, formulate, mix or otherwise acquire, invest in own, hold, use, lease, mortgage, pledge, buy, sell, exchange, distribute, assign, transfer or otherwise dispose of, trade deal in and with, import or export any and all classes and kinds of agricultural chemicals, fertilizers, manures, their mixtures, and formulations, petro-chemicals, industrial chemicals, and any and all classes and kinds of chemicals, acids, alkalis corrosive or anti corrosive substances, non-corrosive substances, source materials, ingredients, mixtures, derivatives, and compounds thereof, and industrial and other preparations or products arising from or required in the manufacture, refining any kind of fertilizers, manures, their mixtures in the formulations and any type of fits, dips, sprays, vermifuges, insecticides, germicides, its disinfecting preparations, fumigators, medicines, and remedies of all kinds for agricultural tree and fruit growing, gardening, and other purposes or as remedies for human and animal and whether produced from vegetable, mineral, gaseous and animal source.
11. To carry on the business of manufacture, produce, process, prepare, extract, distill, filter, purify, separate, dry, condense, concentrate, refine, preserve, can, freeze, bottle, store, buy, sell, import, export, trade and deal in all or any kinds of goods, commodities, agro commodities, non-agro commodities, food items, fast moving consumer goods, consumer durables chemicals, petro chemicals and plastics, minerals, mineral products, fertilisers and other things.
12. To manufacture buy, sell, process, import, export, trade, grow, refine, research, mix, pack, market, act as distributors, wholesalers, dealers, consignment agents and handling agents and consultants in all kinds of pharmaceuticals, drugs, medicaments, Intermediates and their raw materials, surgical equipment, apparatus, and devices, cosmetics, medicated soaps, shampoos, toiletries and health care products, hospital products and items or personal hygiene whether prepared by ayurvedic, homeopathic, unani, allopathic, nature-cure, herbal or any other medicinal system for human beings, birds, animals, insects or other purpose and to run hospitals and diagnostic centers.
13. To carry on anywhere in India or abroad the business of manufacturing, building, assembling, fitting, constructing, repairing, servicing, providing services or otherwise acquire, invest, own, hold, use, lease, mortgage, pledge, buy, sell, exchange, distribute, assign, transfer or otherwise dispose of, trade deal in and with, import or export any and all classes of ships, automobile vehicles or such other vehicles, seagoing vessels of every kind and description whether operated by fuel or otherwise whether finished or unfinished for finishing, repairing, or improving the same and reselling or using of carriage of passengers, or cargo by chartering the same or otherwise operating services by the company itself, general carriers by land, water, air, railway, port, shipping and forwarding agents warehousemen's, and any other business which can be conveniently carried on in connection with the above.
14. To carry on the business of construct, maintain, or work any tramways, railways, branches, or sidings, wharves and ware houses, highways, roads, airports, ports, harbors, highway Projects, heritage projects and to carry out all other works and conveniences which may seem to carry on directly or indirectly to advance the company's Interest and to contribute or otherwise assist, or take part in the construction or maintenance thereof.



The main objects clause and objects incidental or ancillary to the main objects as contained in the Memorandum of Association enable our Company to undertake its existing activities.

Amendments to the Memorandum of Association of our Company

Since the incorporation of our Company, the following changes have been made to the Memorandum of Association:

No.	Date of Amendment / Shareholders Resolution	Amendment
1.	1992-93	Change in authorised share capital - Increase in Authorized Share Capital from Rs. 10,00,000/- comprising of 1,00,000 Equity Shares of Rs. 10/- each to Rs. 5,00,00,000/- comprising of 50,00,000 Equity Shares of Rs. 10/- each.
2.	July 16, 1997	Change in authorised share capital - Increase in Authorized Share Capital from Rs. 5,00,00,000/- comprising of 50,00,000 Equity Shares of Rs. 10/- each to Rs. 10,00,00,000/- comprising of 1,00,00,000 Equity Shares of Rs. 10/- each.
3.	September 28, 2002	Alteration of objects clause of the MOA by adding objects
4.	September 30, 2003	Alteration of objects clause
5.	February 4, 2015	Change in authorised share capital - Increase in Authorised share capital from Rs. 10,00,00,000/- comprising of 1,00,00,000 Equity shares of Rs. 10/- each to Rs. 20,00,00,000/- comprising of 2,00,00,000 equity shares of Rs. 10/- each

Our Company's Equity Shares are listed on BSE and NSE. NSE had suspended the trading in our securities w.e.f. November 19, 2001 and the trading resumed w.e.f. October 27, 2016. Brief on the events that led to the suspension of the securities on our Company by NSE is given below :

- Dr. R.T. Ravi and Mrs. Hemalata Ravi offered in total, 3,00,000 Equity Shares as pledged to M/s Shakti Sai Leafin Limited (lender) against their agreed loan for Rs. 2 Crores. An irrevocable power of attorney was also given which authorised them to sell the shares to realise the loan in case our Company fails to repay the loan as scheduled / agreed.
- The cheques issued by the lender were dishonoured during June 1999 due to lack of funds. Consequently, the lender returned 2,79,600 Equity Shares (out of the 3,00,000 Equity Shares pledged with them). The remaining 20,400 Equity Shares were given by lender to one Mr. Shyam Chandak for arranging funds and the same were not returned.
- Dr. R.T. Ravi, the original shareholder, filed a comprehensive suit before IV Senior Civil Judge City Civil Court during March 2000 and later with 2nd Additional Chief Judge, Hyderabad during October 2001 for declaring that Dr. R T Ravi and Mrs Hemalata Ravi as the owners of the 20,400 Shares and for granting ad-interim injunction against transfer of share until the suit is disposed off.
- Meanwhile, our Company received request for transfer of 13,200 Equity Shares between August and September 1999 which were held back as the transfers were fraudulent (*shares pertaining from the lot of 20,400 Equity Shares*)
- NSE issued a show-cause notice on September 5, 2001 stating violation of Clauses 3 and 12 of the then Listing Agreement and to show cause why trading in the shares of our Company should not be suspended.



- Our Company, vide letter dated September 15, 2001, intimated NSE about the facts of the case and informed that the matter being pending before the Court, the Company won't be in a position to act on the share transfer request.
- NSE issued notice of suspension in trading of the Equity Shares of our Company on their Exchange w.e.f. November 19, 2001.
- The Civil Court issued their judgement during January 2007 declaring that the original shareholders Dr. R T Ravi and Mrs Hemalata Ravi continues to be the legitimate shareholders of the disputed shares as the transfers are null and void and directed the defendants to return the shares held with them to the original shareholders.
- Our promoters involved have tried to trace the other parties to get back the original share certificates (20,400 Equity Shares) but the same are untraceable. They are in the process of filing petition with City Civil Court seeking directions from the Court to the Company to issue duplicate Share Certificates.
- NSE vide its circular dated October 19, 2016, revoked the suspension of trading in the Equity Shares of our Company and the trading resumed w.e.f. October 27, 2016.

Shareholders of our Company

As on the date of this Draft Letter of Offer, our Company has [●] shareholders. For further details in relation to the current shareholding pattern, please refer to section titled "Capital Structure" beginning on page 46 of this Draft Letter of Offer

Other Details Regarding our Company

For information on our activities, services, growth, technology, geographical presence, market, managerial competence, our standing with reference to our prominent competitors and major customers and suppliers, please refer to sections titled "Our Business"; "Industry Overview"; "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages 91, 85, 11 and 243 respectively of this Draft Letter of Offer. For details of our management, please refer to section titled "Our Management" beginning on page 133 of this Draft Letter of Offer.

Time and Cost Overrun

There have been no time/cost overruns pertaining to our business operations since incorporation.

Strikes or Labour Unrest

Nellore unit

Our plant was shut down for the period from November 1, 2013 to December 4, 2014 due to lock-out owing to agitation from the workmen at our units located at Nellore. The differences were settled through a Memorandum of Settlement dated December 4, 2014 under Section 12(3) read with Section 2(P) of the Industrial Disputes act, 1947.

Visakhapatnam unit

Our plant was shut down for the period from March 23, 2013 to September 12, 2014 due to lock-out owing to agitation from the workmen at our units located at Visakhapatnam. The differences were



settled through a Memorandum of Settlement dated September 12, 2014 under Section 18(1) read with Section 2(P) of the Industrial Disputes act, 1947.

Defaults or Rescheduling of Borrowings with Financial Institutions/ Banks

As on date, there are no defaults or rescheduling of borrowings with financial institutions/ banks, conversion of loans into equity in relation to our Company. Our Company does not have any borrowings from banks or financial institutions.

One-time settlement of dues with banks / institutions in the past

Our Company had availed certain financial facilities from the following :

1. J & K Bank
2. Andhra Bank
3. United Bank
4. Syndicate Bank

The outstanding principal amount as on April 1, 2009 (the cut-off date), were :

- | | | |
|-------------------|---|--------------------|
| 1. J & K Bank | : | Rs. 500 lakhs |
| 2. Andhra Bank | : | Rs. 1,598.23 lakhs |
| 3. United Bank | : | Rs. 599 lakhs |
| 4. Syndicate Bank | : | Rs. 500 lakhs |

The aforesaid outstanding were assigned to M/s Pinky Ventures Private Limited during the year 2014 who in turn paid-off the overdues to the respective Banks.

As on date, all our financial commitments towards Pinky Ventures Private Limited have been honoured and there are no outstandings on this account.

Injunction or restraining order

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

Capital raising (Debt / Equity)

Except as set out in the sections titled "Capital Structure" and "Financial Indebtedness" beginning on pages 46 and 250 respectively of this Draft Letter of Offer, our Company has not raised any capital in the form of Equity Shares or debentures.

Changes in the activities of our Company during the last five (5) years

There have been no changes in the activity of our Company during the last five (5) years preceding the date of this Draft Letter of Offer, which may have had a material effect on the profits or loss, including discontinuance of the lines of business, loss of agencies or markets and similar factors of our Company.



Revaluation of Assets

No assets of the Company were revalued except freehold land which was revalued in the financial year ended March 31, 2018 while our Company migrated to IND AS.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, etc.

Our Company has not acquired any business or undertaking, or entered into any scheme of merger or amalgamation since incorporation.

Other Agreements

Except for the following, our Company has not entered into any material contract other than in the ordinary course of business carried on or intended to be carried on by our Company in the two (2) years preceding this Draft Letter of Offer:

1. Settlement Agreement dated September 16, 2014

Our company had availed working capital facilities from Export Import Bank of India (Exim bank) during the year 2003. Exim Bank alongwith certain other lenders entered into a master restructuring arrangement under the corporate debt-restructuring scheme which was later revoked by all the lenders and consequently Exim Bank withdrew from the said arrangement. Later Exim Bank assigned its debts owned by us to Edelweiss Asset Reconstruction Company Limited (EARC). EARC and company agreed to settle the debt obligations to EARC which as on the date of the Settlement agreement was equivalent to Rs. 21.53 Crores alongwith future interest and cost from November 14, 2013.

The salient features of the settlement agreement is given below :

- (a) Krebs shall pay to EARC an amount equivalent to Rs. 16.50 Crores in such tranches and on such dates as agreed
- (b) Krebs to pay Rs. 50 lakhs to EARC towards the part payment of the agreement settlement cash consideration – the same has been paid by way of a cheque dated June 26, 2014
- (c) Promoters of Krebs to transfer 1,50,000 Equity Shares held in Krebs to EARC which has been since transferred
- (d) Krebs to deposit post-dated cheques corresponding to the amounts of each tranche of the agreement settlement cash consideration – Rs. 50 lakhs each for the quarters June 2015 to March 2016 and Rs. 100 lakhs each for the quarters June 2016 to September 2019. Our Company has been regular in meeting this financial obligation.

2. Lease-cum-manufacturing services agreement (*Nellore Unit*) dated October 4, 2014

Ipca has entered into agreement with our Company whereby we have granted lease to Ipca over the factory situated at Unit I, Regadichelika, Talamanchi Panchayat, Racharlapadu Post, Nellore District - 524316 (*Unit - 1 / Nellore unit*) alongwith all manufacturing facilities for use by Ipca for manufacturing, packaging, storing and dispatch of Active Pharmaceutical Ingredients (API).



Salient features of the agreement :

- (a) Lease rental – Rs. 10,00,000/- per month
- (b) Such deposit as may be mutually agreed
- (c) Term : 5 years from execution date i.e. upto October 2019 and renewed / extended as may be mutually agreed by all the parties
- (d) Ipca to provide estimated manufacturing plan (on or before 7th of the month preceding every quarter) to Krebs which will give an estimate of the quantity of the products Krebs is required to manufacture in ensuing quarter.
- (e) Thereafter, on or before 3rd day from the beginning of a month, Ipca to issue manufacturing instructions specifying the exact quantity of products that are to be manufactured in that month by the unit
- (f) Every month, Krebs shall furnish to Ipca a statement showing quantity of product ingredients received from Ipca during the preceding calendar month; and quantity of product ingredients actually used by Krebs during the preceding calendar month
- (g) Krebs shall be responsible for keeping the products under proper and adequate storage conditions and any loss of product ingredient on account of improper storage shall be entirely borne by Krebs
- (h) The title of the Product Ingredients, the work-in-progress products; and the products shall all vest with Ipca and Krebs shall not have any rights, title, lien or interest therein of any nature whatsoever in the products ingredients, work-in-progress products; and the products.
- (i) For the manufacturing services rendered, Ipca shall pay to Krebs a sum of Rs. 3,00,000/- per month as fees. Krebs shall be entitled to reimbursement of all actual operational expenses incurred in relation to the manufacturing facility and provision of the manufacturing services to the extent the same is approved by Ipca prior to Krebs incurring such expenses.
- (j) Ipca shall retain ownership of all rights, title and interest (including patent rights, copyrights, trademark rights, trade secrets, proprietary information, inventions whether or not patentable) and know-how, works of authorship, designation, designs, idea and information etc in any way associated with Ipca products.
- (k) Following the expiration or termination of the agreement, unless otherwise agreed by Ipca, Krebs shall not develop and manufacture any products that would utilise the confidential information of Ipca technology

3. Addendum to Lease-cum-manufacturing services agreement (*Nellore unit*) dated October 4, 2014

Vide this addendum dated October 16, 2014 to the agreement, Ipca and Krebs have agreed to the amount of security deposit that has to be deposited by Ipca with Krebs. The salient features of the addendum to the agreement is given below :

- (a) Security deposit of Rs. 25 Crores in such instalments and/or tranches as may be mutually agreed between Ipca and Krebs
- (b) The amount of security deposit paid by Ipca to Krebs shall be interest free and be repayable upon termination

4. Lease-cum-manufacturing services agreement (*Visakhapatnam unit*) dated December 13, 2014

Ipca has entered into agreement with our Company whereby we have granted lease to Ipca over the factory situated at Kothapalli Village, Kasimkota Mandal, Visakhapatnam District – 531 031 (*Unit - 2 / Visakhapatnam unit*) alongwith all manufacturing facilities for use by Ipca for



manufacturing, packaging, storing and dispatch of Active Pharmaceutical Ingredients (API) and drug intermediates.

Salient features of the agreement :

- (a) Lease rental – Rs. 10,00,000/- per month
- (b) Such deposit as may be mutually agreed
- (c) Term : 5 years from execution date i.e. upto December 2019 and renewed / extended as may be mutually agreed by all the parties
- (d) Ipca to provide estimated manufacturing plan (on or before 7th of the month preceding every quarter) to Krebs which will give an estimate of the quantity of the products Krebs is required to manufacture in ensuing quarter.
- (e) Thereafter, on or before 3rd day from the beginning of a month, Ipca to issue manufacturing instructions specifying the exact quantity of products that are to be manufactured in that month by the unit
- (f) Every month, Krebs shall furnish to Ipca a statement showing quantity of product ingredients received from Ipca during the preceding calendar month; and quantity of product ingredients actually used by Krebs during the preceding calendar month
- (g) Krebs shall be responsible for keeping the products under proper and adequate storage conditions and any loss of product ingredient on account of improper storage shall be entirely borne by Krebs
- (h) The title of the Product Ingredients, the work-in-progress products; and the products shall all vest with Ipca and Krebs shall not have any rights, title, lien or interest therein of any nature whatsoever in the products ingredients, work-in-progress products; and the products.
- (i) For the manufacturing services rendered, Ipca shall pay to Krebs a sum of Rs. 3,00,000/- per month as fees. Krebs shall be entitled to reimbursement of all actual operational expenses incurred in relation to the manufacturing facility and provision of the manufacturing services to the extent the same is approved by Ipca prior to Krebs incurring such expenses.
- (j) Ipca shall retain ownership of all rights, title and interest (including patent rights, copyrights, trademark rights, trade secrets, proprietary information, inventions whether or not patentable) and know-how, works of authorship, designation, designs, idea and information etc in any way associated with Ipca products.
- (k) Following the expiration or termination of the agreement, unless otherwise agreed by Ipca, Krebs shall not develop and manufacture any products that would utilise the confidential information of Ipca technology

5. Addendum to Lease-cum-manufacturing services agreement (Visakhapatnam unit) dated December 13, 2014

Vide this addendum dated December 22, 2014 to the agreement, Ipca and Krebs have agreed to the amount of security deposit that has to be deposited by Ipca with Krebs. The salient features of the addendum to the agreement is given below :

- (a) Security deposit of Rs. 20 Crores in such instalments and/or tranches as may be mutually agreed between Ipca and Krebs
- (b) The amount of security deposit paid by Ipca to Krebs shall be interest free and be repayable upon termination



6. Addendum to Lease-cum-manufacturing services agreement (*Nellore unit*) dated October 4, 2014

Vide this addendum dated June 8, 2015 to the agreement, Ipca and Krebs have agreed for certain modifications in the original agreement by replacing certain existing clauses with the following :

- (a) Krebs shall use the manufacturing unit (*Nellore Unit*) and manufacturing facility exclusively for the benefit of Ipca and shall render manufacturing services to Ipca as contemplated under the agreement
- (b) Notwithstanding the above, Ipca shall allow and permit Krebs to manufacture in the manufacturing unit and manufacturing facilities, such of the products for which Krebs hold approved Certificate of Suitability (CEP) and/or product dossiers in its own name.

7. Loan Licence agreement (*Nellore unit*) dated June 17, 2015

Ipca has entered into agreement with our Company whereby we have leased out our productive capacity(ies) at Nellore unit to enable Ipca to get one or more of the APIs processed and/or packed on "Loan Licence basis".

Salient features of the agreement :

- (a) APIs to be manufactured – Such APIs as may be communicated by Ipca and agreed by Krebs from time to time
- (b) Krebs to process the raw materials and packing material supplied by Ipca into APIs strictly in accordance with the pharmacopial standards and/or such standards and specifications given by Ipca
- (c) Ipca to provide Krebs with all raw materials, intermediates, solvents, packing materials and other materials for the purpose of processing manufacturing and packing of APIs
- (d) Ipca to supply such data (manufacturing instructions, analytical specifications, procedures, processing and packing instructions, reference standard, working standard and any other technical directions – Know-how / data) for processing the relevant raw materials into APIs from time to time
- (e) Ipca to guide and supervise in the case of any difficulty faced by Krebs in the conduct of quality control analysis of all raw materials, intermediates and other materials used in the manufacture of APIs
- (f) Reimbursement of outside testing laboratory charges that may be incurred by Krebs for manufacturing of Ipca's APIs – as maybe mutually agreed from time to time
- (g) Conversion charges – payable by Ipca to Krebs in consideration of the aforesaid services as maybe agreed between the parties from time to time
- (h) The agreement is valid for a period of 5 years i.e. upto June 2020

8. Loan Licence agreement (*Visakhapatnam unit*) dated June 20, 2015

Ipca has entered into agreement with our Company whereby we have leased out our productive capacity(ies) at Visakhapatnam unit to enable Ipca to get one or more of the APIs processed and/or packed on "Loan Licence basis".

Salient features of the agreement :

- (a) APIs to be manufactured – Such APIs as may be communicated by Ipca and agreed by Krebs from time to time



- (b) Krebs to process the raw materials and packing material supplied by Ipca into APIs strictly in accordance with the pharmacopeial standards and/or such standards and specifications given by Ipca
- (c) Ipca to provide Krebs with all raw materials, intermediates, solvents, packing materials and other materials for the purpose of processing manufacturing and packing of APIs
- (d) Ipca to supply such data (manufacturing instructions, analytical specifications, procedures, processing and packing instructions, reference standard, working standard and any other technical directions - Know-how / data) for processing the relevant raw materials into APIs from time to time
- (e) Ipca to guide and supervise in the case of any difficulty faced by Krebs in the conduct of quality control analysis of all raw materials, intermediates and other materials used in the manufacture of APIs
- (f) Reimbursement of outside testing laboratory charges that may be incurred by Krebs for manufacturing of Ipca's APIs - as maybe mutually agreed from time to time
- (g) Conversion charges - payable by Ipca to Krebs in consideration of the aforesaid services as maybe agreed between the parties from time to time
- (h) The agreement is valid for a period of 5 years i.e. upto June 2020

Holding Company

Our Company does not have a holding company as on the date of this Draft Letter of Offer.

Subsidiaries of our Company

Our Company does not have any subsidiaries as on the date of this Draft Letter of Offer.

Material Transactions

Other than as disclosed under section titled "Related Party Transactions" beginning on page 211 of this Draft Letter of Offer, there are no sales or purchase between our Company and our Subsidiary where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

Common pursuits

Except as disclosed in this section, our Promoters do not have any interest in any ventures that is involved in the same line of activity or business as that of our Company.

Collaboration Agreements

As on the date of this Draft Letter of Offer, our Company is not a party to any collaboration agreements.



Shareholders Agreements

Save for the MOU entered by Ipca with our Promoters during February 2015 (thereby triggering the provisions of SEBI SAST Regulations), our Company has not entered into any shareholder's agreement as on the date of this Draft Letter of Offer.

Material Agreements

Our Company has not entered into any material agreements, other than the agreements entered into by it in normal course of its business.

Joint Venture Agreement

Our Company has not entered into any material joint venture.

Other Agreements

Our Company has not entered into any other material agreements, other than in the normal course of its business.

Strategic Partners

Save for the Lease and Manufacturing Agreements and Loan & License agreements with Ipca Laboratories Ltd., we do not have any strategic partners as on the date of this Draft Letter of Offer.

Financial Partners

Our Company does not have any financial partners as on the date of this Draft Letter of Offer.



OUR MANAGEMENT

Board of Directors

As per the Articles of Association our Company shall not appoint less than three (3) and more than twelve (12) Directors. Currently, our Company has 8 Directors of which 1 is Executive Director, 3 are non-executive non-independent directors and 4 are Independent Directors.

The following table sets forth details regarding the Board of Directors as on the date of this Draft Letter of Offer:

Name, Designation, Address, Date of Appointment/ Re-appointment, Term, Period of Directorship, Occupation, and DIN	Age (in years)	Other Directorships as on the date of this Draft Letter of Offer
Dr. R.T. Ravi <i>Chairman</i> Plot No.40, Sagar Society, Road No. 2, Banjara Hills, Hyderabad – 500 034 <i>Date of Appointment : August 13, 2015</i> <i>Term: Liable to retire by rotation</i> <i>Nationality: Indian</i> <i>Occupation: Business</i> <i>DIN: 00272977</i>	69	Nil
Mr. Avinash Ravi <i>Managing Director</i> Door No. 8-2-269/S/40, Sagar Society, Banjara Hills, Hyderabad – 500 034 <i>Date of re-appointment: July 30, 2018</i> <i>Term: 3 years</i> <i>Nationality: Indian</i> <i>Occupation: Business</i> <i>DIN: 01616152</i>	39	Nil
Mr. G V L Prasad <i>Independent Director</i> 6-3-787, F - 1001, Royal Pavillion, Ameerpet, Hyderabad – 500 016 <i>Date of Appointment: August 13, 2014</i> <i>Term: 5 years</i> <i>Nationality: Indian</i> <i>Occupation: Business</i> <i>DIN: 00017081</i>	62	<ul style="list-style-type: none">▪ Costal Insurance Brokers Pvt. Limited▪ Vigilant Protection Force Pvt. Limited▪ Pre Unique (India) Private Limited
Dr Tangirala Malati <i>Independent Director</i> <u>Address:</u> Plot 17, Radhe Nagar Colony, H.S. Darga, Raidurg, Hyderabad – 500 008 <i>Date of Appointment: February 13, 2015</i> <i>Term: 5 years</i> <i>Nationality: Indian</i> <i>Occupation: Business</i> <i>DIN: 07094957</i>	68	Nil



Name, Designation, Address, Date of Appointment/ Re-appointment, Term, Period of Directorship, Occupation, and DIN	Age (in years)	Other Directorships as on the date of this Draft Letter of Offer
Mr. Satish Khivsara <i>Independent Director</i> Plot No. 49, Mithilanagar Colony, Road No. 12, Banjara Hills, Hyderabad – 500 034 Telangana <i>Date of Appointment:</i> August 13, 2015 <i>Term:</i> 5 years <i>Nationality:</i> Indian <i>Occupation:</i> Business <i>DIN:</i> 07244464	74	Nil
Mr. Raj Kamal Prasad Verma <i>Independent Director</i> Flat 1902, Challenger Tower 2, Thakur Village, Kandivli (E), Mumbai – 400 101 <i>Date of Appointment:</i> February 12, 2016 <i>Term:</i> 5 years <i>Nationality:</i> Indian <i>Occupation:</i> Business <i>DIN:</i> 02166789	69	Nil
Mr. Manish Jain <i>Director</i> C-303, Windsor Deshmukh Residency Ashok Van, Shiv Vallabh Road, Dahisar (E), Mumbai – 400 068 <i>Date of Appointment:</i> February 12, 2016 <i>Term:</i> Liable to retire by rotation <i>Nationality:</i> Indian <i>Occupation:</i> Business <i>DIN:</i> 01856146	44	<ul style="list-style-type: none">▪ Tonira Exports Limited▪ Trophic Wellness Private Limited▪ Ipca Pharma Nigeria Limited▪ Ipca Laboratories UK Limited
Mr. Edakulathoor Jacob Babu <i>Director</i> Flat No. 51, Rustomjee Riviera, Wing C, Marve Road, Malad (W) Mumbai – 400 064 <i>Date of Appointment:</i> February 12, 2016 <i>Term:</i> Liable to retire by rotation <i>Nationality:</i> Indian <i>Occupation:</i> Business <i>DIN:</i> 06759124	55	<ul style="list-style-type: none">▪ Avik Pharmaceuticals Limited



Family Relationships between the Directors

None of the directors are related to each other in terms of the definition of 'relative' under Section 2(77) of the Companies Act except as set out below:

Name	Name	Relationship
Dr. R.T. Ravi	Mr. Avinash Ravi	Father and son
Mr. Avinash Ravi	Dr. R.T. Ravi	Son and father

Brief biographies of the Directors

- Dr. R T Ravi**, aged 69 years, is the Chairman and one of the Promoter of our Company. He has done B.Sc., M.Sc. (Bio-Chemistry) and holds Ph.D (Bio-Chemistry) from National Research Institute, Karnal. Dr. Ravi has worked as Scientist / Industrial R&D Head with renowned Institutes viz International Finance Corporation (IFC); United Nation expert on Drug Control Programme (Kualalampur); Indian Council of Agricultural Research, New Delhi; Gujarat Agricultural University, Anand; Alembic Chemicals Limited, Baroda; EID Parry (India) Limited, Chennai etc. He has over 40 years of experience in the field of Applied Biochemical Research. Apart from our Company, Dr. Ravi is also a promoter of Visakha Foods Private Limited and Ravi Agroceuticals Private Limited.
- Mr. Avinash Ravi**, aged 39 years, is the Managing Director and one of the Promoters of our Company. He has done B.E. (Bioprocess Engineering) from the University of New South Wales, Australia. He has been associated with our Company since about 20 years and is well experienced in the areas of production and purification of bio-technology products. He is also instrumental in identification of new products in our Company in the established business line and implement the technology on commercial scale.
- Mr. G V L Prasad**, aged 62 years, is the Independent Director of our Company. He is a Chartered Accountant and has done B. Com, LLB. Mr. Prasad has more than 32 years of experience in the field of finance, business regulations, taxation and accounting and legal matters.
- Dr Tangirala Malati**, aged 68 years, is the Independent Director of our Company. She has done B.Sc. (Biochemistry) from Banaras Hindu University, Varanasi and hold Ph.D in Biochemistry. She has over 31 years of experience in the field of Laboratory Medicine (clinical biochemistry), research and teaching. Dr. Malati has won several awards including T.N. Pattabhiraman Oration Award during the year 2017 in recognition of outstanding contribution to the advances in Clinical Biochemistry. Other awards include Sri A.J. Thakur Memorial Award; D.P. Burma Memorial Oration Award; Awadesh Saran Memorial Oration Award; Seth G.S. Medical College & KEM Hospital Oration Award; Ugadi Purashkar 2000 etc.
- Mr. Satish Khivsara**, aged 74 years, is the Independent Director of our Company. He is a Chartered Accountant having expertise of over 40 years in the field of finance and entrepreneurship.



6. **Mr. Raj Kamal Prasad Verma**, aged 69 years, is the Independent Director of our Company. He has done B.Sc. (majoring in Chemistry) and holds PG Diploma in Industrial Relations & Personnel Management. He has over 34 years of experience in the areas of marketing and business development and has been advisor to various start-ups. For global business development, Mr. Verma has travelled globally, including USA, Japan, Spain, Germany, France etc.
7. **Mr. Manish Jain**, aged 44 years, is the non-executive Director of our Company. He is a Chartered Accountant and has holds PG Diploma in General Management from NMIMS. He has been on the Board of our Company since February 2016. He has more than 20 years of varied experience and is presently employed with Ipca Laboratories Limited, one of our promoters, as Vice President, Business Development.
8. **Mr. E J Babu**, aged 55 years, is the non-executive Director of our Company. He holds Post Graduation Diploma in Marketing Management and has over 26 years of experience in business development / marketing of Active Pharmaceutical Ingredients globally. Mr. Babu is employed with Ipca Laboratories Limited, one of our promoters, as President – Global Business (API).

Common directorships of the Directors in companies whose shares are/were suspended from trading on the BSE and/ or the NSE for a period beginning from five (5) years prior to the date of this Draft Letter of Offer

None of the Directors are/ were directors of any company whose shares were suspended from trading by Stock Exchange(s) or under any order or directions issued by the stock exchange(s)/ SEBI/ other regulatory authority in the last five (5) years.

Director's association with the Securities Market

None of the Directors of our Company are associated with securities market.

Common directorships of the Directors in listed companies that have been/were delisted from stock exchanges in India

None of our Directors are/ were directors of any entity whose shares were delisted from any Stock Exchange(s).

Further, none of the directors are/ were directors of any entity which has been debarred from accessing the capital markets under any order or directions issued by the Stock Exchange(s), SEBI or any other regulatory authority.

Remuneration to Non-Executive Directors

The Board of Directors in its meeting held on August 13, 2015 had approved sitting fees of Rs. 10,000/- to be paid to each Non-Executive Director(s) for attending every meeting of the Board or a Committee thereof.



Remuneration to Executive Director

1. **Dr. R T Ravi** was re-designated as Chairman & non-executive director w.e.f. August 13, 2015. No remuneration is payable to him other than sitting fees from the said date.
2. **Mr. Avinash Ravi**, is the Promoter and Managing Director of our Company and was re-appointed by way of a board resolution dated July 30, 2018 and a shareholder's resolution dated September 10, 2018 for a period of three (3) years commencing from July 30, 2018. Mr. Avinash Ravi's terms of appointment have been laid down under the Employment Agreement dated July 30, 2018. The significant terms of his employment are set out below:

Particulars	Remuneration
Basic Salary	Rs. 42 lakhs per annum
Commission	Nil.
Appointment as a Managing Director	3 years with effect from July 30, 2018
Other Allowances	Rs. 10.30 lakhs
Remuneration paid for F.Y. 2017-18	Rs. 52.52 lakhs

Payment or benefit to Directors of our Company

The sitting fees/other remuneration of our Directors in fiscal 2018 are as follows:

- **Payment of non-salary related benefits**

Except as stated under "Remuneration to Executive Director" and "Remuneration to Non-executive directors", our Company has not paid, in the last two (2) years preceding the date of this Draft Letter of Offer, and nor does it intend to pay any non-salary related amount or benefits to our Directors.

- **Remuneration to Executive Director:** The total remuneration to Mr. Avinash Ravi was Rs. 42.22 lakhs for the financial year 2017-18.
- **Remuneration to Non-Executive Directors:** Pursuant to the Board resolution dated August 13, 2015, our Company has fixed an amount of Rs. 10,000/- as the sitting fees payable to our Independent Directors, towards attending meetings of the Board of Directors or a committee thereof. It may be noted that only Non-Executive Directors are paid sitting fees. The travel expenses of Directors for attending meetings of the Board of Directors or a committee thereof, site visits and other Company related expenses are borne by our Company, from time to time.

Arrangements with major Shareholders, Customers, Suppliers or Others

Save for the arrangements with Ipca Laboratories Limited as disclosed under the section "History and certain corporate matters" on page 121 of this draft Letter of Offer, there are no arrangements or understanding between major shareholders, customers, suppliers or others.

Service Contracts

Our Company has not executed any service contracts with its directors providing for benefits upon termination of their employment.



Shareholding of directors in our Company

Except as mentioned below, none of the Directors hold Equity Shares in our Company as on the date of this Draft Letter of Offer :

Name of the Director	No. of Shares held	% of present capital
Dr. R.T. Ravi	19,400	0.14%
Mr. Avinash Ravi	17,68,821	12.87%
Mr. G V L Prasad	1,30,000	0.95%
Dr Tangirala Malati	1,334	0.01%
Mr. Satish Khivsara	50	-
Mr. Raj Kamal Prasad Verma	200	-
Mr. Manish Jain	100	-
Mr. Edakulathoor Jacob Babu	50	-

Shareholding of Directors in our Subsidiaries

Our Company does not have any subsidiary as on the date of this Draft Letter of Offer.

Shareholding of Directors in our Associate companies

Our Company does not have any associate companies as on the date of this Draft Letter of Offer.

Appointment of relatives of our Directors to any office or place of profit

None of the relatives of our Directors currently holds any office or place of profit in our Company.

Interests of our Directors

Our Directors may also be deemed as interested in our Company to the extent of the Equity Shares held by them or any Equity Shares that may be subscribed by or allotted to them from time to time. For further details, please refer to section titled "Our Management - Shareholding of directors in our Company" and "Capital Structure" beginning on pages 133 and 46 respectively of this Draft Letter of Offer. Our directors may also be deemed to be interested to the extent of any dividend, if any, payable and other distributions in respect of the Equity Shares held by them.

Our independent directors may be deemed to be interested in our Company to the extent of fees payable to them for attending meetings of our Board or committees thereof and reimbursement of expenses incurred in attending meetings of Board and committees, payable pursuant to our Articles of Association.

Our directors have no interest in any property acquired or proposed to be acquired by our Company two (2) years prior to the date of this Draft Letter of Offer

Except Dr. R.T. Ravi and Mr. Avinash Ravi, who are the directors and Promoters of our Company, none of our other Directors have any interest in the promotion of our Company other than in ordinary course of business. Except as disclosed above, no amount or benefit has been paid or given within the two (2) preceding years or is intended to be paid or given to any of our Directors except the normal remuneration for services rendered as Directors.



None of our Directors have availed any loan from our Company. None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of our Company. Except as disclosed under section titled "Our Management – Remuneration to Executive Directors" beginning on page 133 of this Draft Letter of Offer, none of our Directors is party to any bonus or profit sharing plan of our Company. Further, except statutory benefits upon termination of their employment in our Company on retirement, no officer of our Company, including our Directors and the Key Management Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Changes in our Company's Board of Directors during the last three (3) years

The changes in the Board of Directors of our Company in the last three (3) years are as follows:

No.	Name of the Director	Date of Change	Reason for change
1	Dr. Tangirala Malati	09/02/2015	Appointment
2	Mr. Satish Khivsara	13/08/2015	Appointment
3	Mr. Manish Jain	12/02/2016	Appointment
4	Mr. E.J. Babu	12/02/2016	Appointment
5	Mr. Raj Kamal Prasad Verma	12/02/2016	Appointment

Borrowing Powers of the Board

The Articles, subject to the provisions of the Companies Act, 2013 authorize the Board to raise, borrow or secure the payment of any sum or sums of money for the purposes of our Company. The shareholders have, pursuant to a resolution passed at the Annual General Meeting held on December 31, 2014, in accordance with the Companies Act, 2013 authorized the Board to borrow monies from time to time, the borrowings of our Company shall not exceed Rs. 200 crore for the time being, including the money already borrowed by our Company.

Corporate Governance

We are in compliance with the requirements of the applicable regulations, including the Listing Regulations, the Companies Act and the SEBI (ICDR) Regulations, in respect of corporate governance including constitution of the Board and committees thereof and formulation of policies. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, the Listing Regulations and in accordance with best practices in corporate governance. The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas. The executive management provides the Board of Directors detailed reports on its performance periodically.

Currently, our Board has 8 Directors comprising 1 Executive Director, 3 Non-Executive Directors and 4 Independent Directors (*of whom one is a woman Director*).

The details of i) Audit Committee; ii) Nomination and Remuneration Committee; and iii) Stakeholders Relationship Committee committees are set out below. In addition to the committees of the Board detailed below, our Board of Directors may, from time to time constitute committees for various functions.



i) **Audit Committee:**

Our Company has constituted the Audit Committee in accordance with the Section 177 of the Companies Act and Regulation 18 of the SEBI (LODR) Regulations. The audit committee presently consists of the following Independent Directors of the Board:

- i) Mr. G V L Prasad, Chairman;
- ii) Dr. Tangirala Malati, Member;
- iii) Mr. Satish Khivsara, Member

The scope of the Audit Committee shall include the following:

1. Oversight of our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation of appointment, remuneration and terms of appointment of auditors of the Company;
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 and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions; and
 - g. Modified opinion(s) in the draft audit report.
5. The audit committee shall review the information as required under the Listing Regulations and the Companies Act, 2013;

ii) **Nomination and Remuneration Committee:**

Our Company has constituted the Nomination and Remuneration Committee in terms of Section 178 of the Companies Act and Regulation 19 of the SEBI (LODR) Regulations. The Nomination and Remuneration Committee presently consists of the following Directors of the Board:

- i) Mr. Satish Khivsara, Chairman;
- ii) Dr. R T Ravi, Member;
- iii) Mr. G V L Prasad, Member
- iv) Dr. Tangirala Malati, Member

The broad terms of reference of the nomination and remuneration committee are as under: -



1. Recommend to the Board the set up and composition of the Board and its committees including the formulation of criteria for determining qualifications, positive attributes and independence of a director.
2. Recommend to the Board appointment or re-appointment of directors.
3. Devise a policy on the Board diversity
4. Recommend to the Board appointment of Key Managerial Personnel.
5. Carry out evaluation of every director's performance and support the Board and independent directors in evaluation of the performance of the Board, its committees and individual directors.
6. Recommend to the Board the remuneration policy for directors or key managerial personnel.
7. Oversee the familiarisation programs for directors

iii) **Stakeholders Relationship Committee:**

The Stakeholders Relationship Committee presently consists of the following Directors of the Board:

- i) Mr. G V L Prasad, Chairman;
- ii) Dr. R T Ravi, Member;
- iii) Mr. Avinash Ravi, Member
- iv) Mr. Satish Khivsara, Member

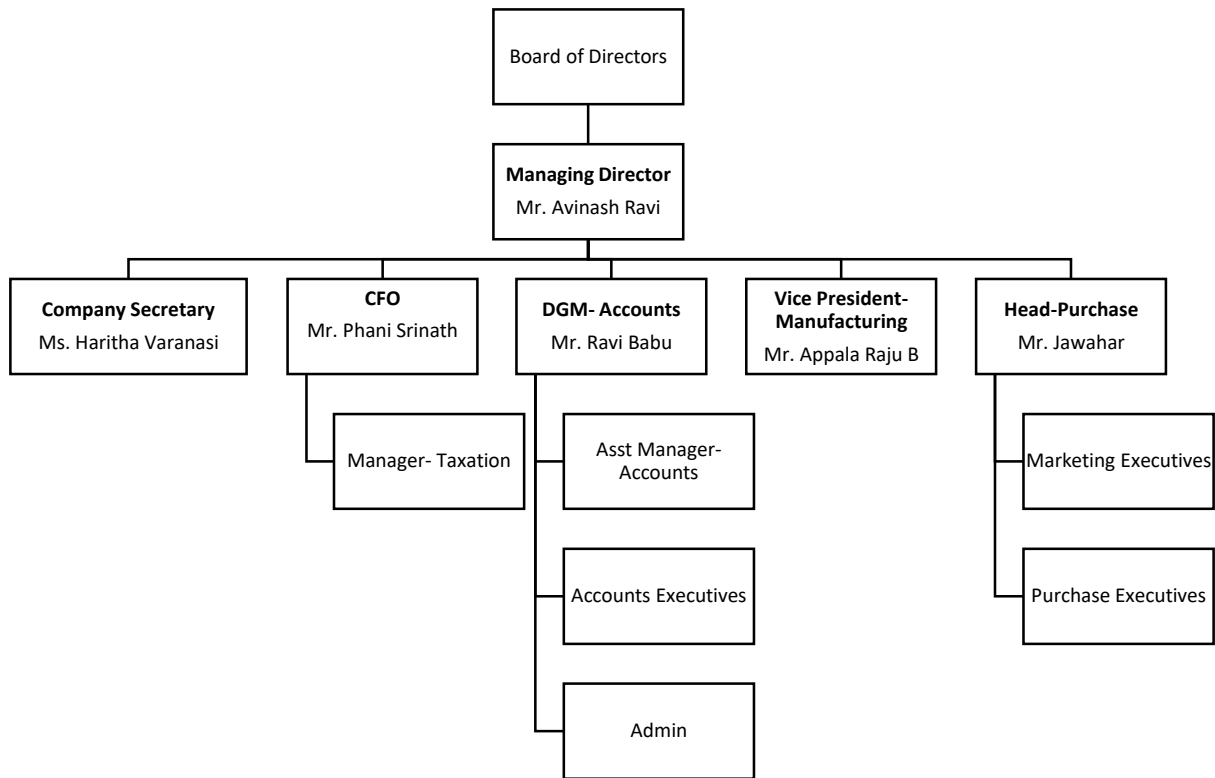
The broad terms of reference of the Stakeholders' Relationship Committee are as under:

1. Consider and resolve the grievances of shareholders of the Company including redressal of investor complaints such as transfer or credit of shares, non-receipt of dividend/notice/annual report etc and all other shareholders related matters.
2. Consider and approve issue of share certificates (including issue of renewed or duplicate share certificates), transfer and transmission of securities, etc.

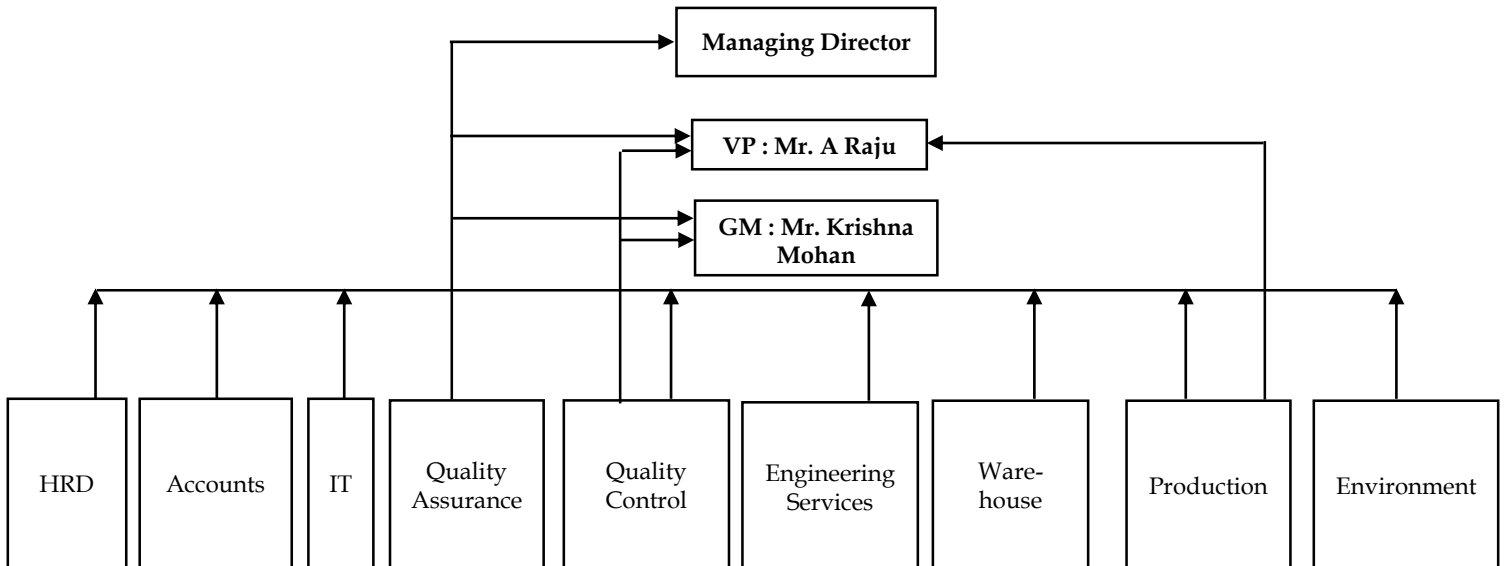


Management Organizational Structure

Corporate Office

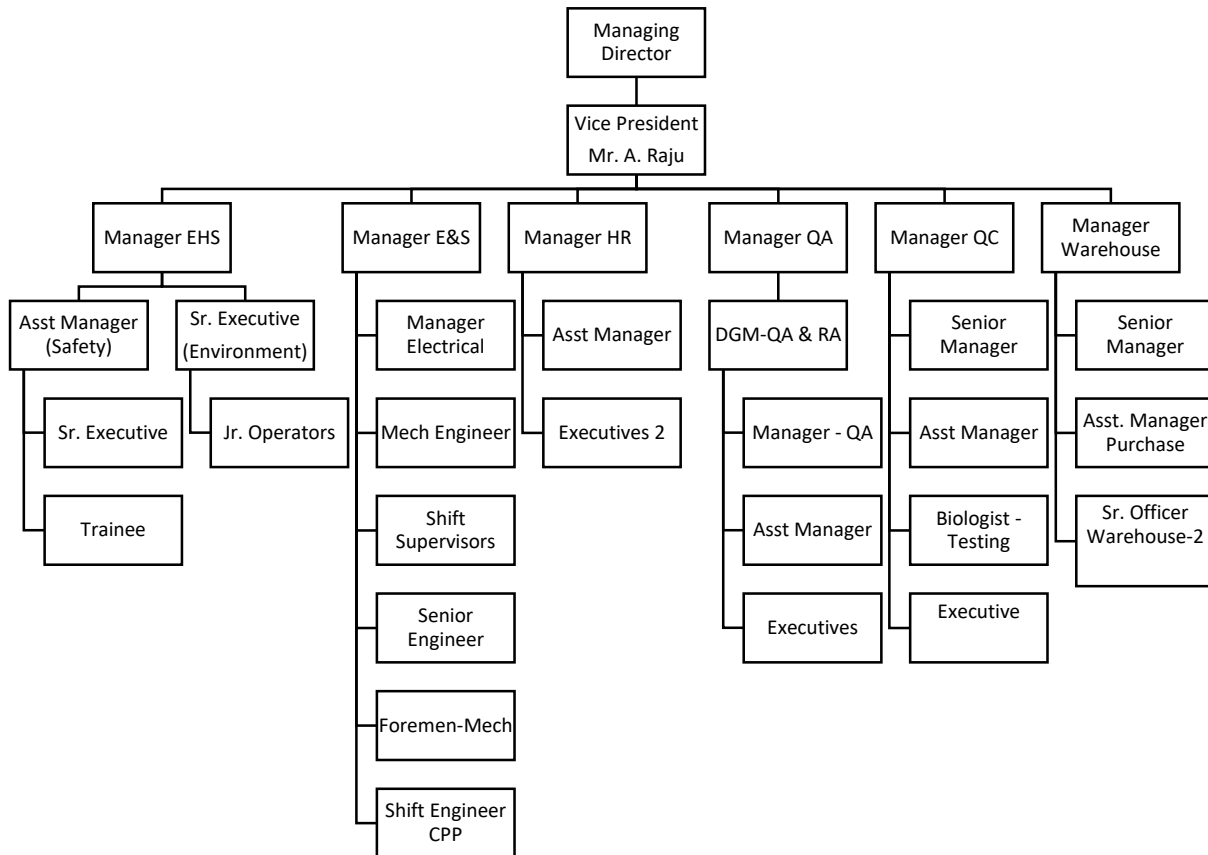


Unit I - Nellore





Unit II – Visakhapatnam



Profiles of our Key Managerial Personnel

In addition to our Promoter Directors, Dr. R.T. Ravi and Mr. Avinash Ravi, whose details are provided under "Brief biographies of the Directors" beginning on page 135 of this Draft Letter of Offer, the details of our other Key Managerial Personnel as on the date of this Draft Letter of Offer are set forth below. Except for certain statutory benefits, there are no other benefits accruing to the Key Managerial Personnel.

Name and other details	Date of joining	Compensation paid in FY 2017-18	Previous employment
Mr. Appala Raju Bandari Age : 45 years Designation : Vice President Qualification : B.Sc., M.Sc Overall experience : 20 years	September 28, 2015	Rs. 22,95,068/-	<ul style="list-style-type: none"> Arch Pharma Labs Limited, Hyderabad Aurobindo Pharma Limited Neuland Laboratories Limited
Ms. Haritha Varanasi Age : 29 years Designation : CS & Compliance Officer Qualification : B.Com., ACS Overall experience : 4 years	July 3, 2015	Rs. 5,49,996/-	<ul style="list-style-type: none"> Palred Technologies Limited



Name and other details	Date of joining	Compensation paid in FY 2017-18	Previous employment
Mr. N. Krishna Mohan Age : 56 years Designation : General Manager (Nellore unit) Qualification : M.Sc. (Chemistry) Overall experience : 31 years	July 27, 2017	Rs. 14,52,264/-	<ul style="list-style-type: none"> Vital Laboratories Limited Gujarat Themis Biosyn Limited Netmatrix Limited Sami Labs Limited
Mr. S. Phani Srinath Age : 30 years Designation : CFO Qualification : B.Com., CA Overall experience : 6 years	November 2, 2016	Rs. 9,00,000/-	<ul style="list-style-type: none"> Nagarjuna Hydro Electric Pvt Ltd Ford Motors Pvt Ltd Indian Bank
Mr. Raavi Ravibabu Age : 43 years Designation : DGM, Finance Qualification : B.Com., M.Com. Overall experience : 18 years	January 30, 2015	Rs. 10,80,000/-	<ul style="list-style-type: none"> RK Electric Automation Ltd Tagore & Co., CA Netmatrix Limited
Mr. Jawahar Reddy Age : 40 years Designation : AGM, Purchase Qualification : B.Sc., M.Sc., Overall experience : 15 years	August 18, 2017	Rs. 7,72,852/-	<ul style="list-style-type: none"> Hetero Drugs Ltd., Oman Chemicals & Pharmaceuticals LLC APL Research Centre

Status of Key Management Personnel in our Company

All our key managerial personnel are permanent employees of our Company.

Relationship amongst the Key Managerial Personnel of our Company

There is no family relationship amongst the any Key Managerial Personnel of our Company.

Shareholding of Key Management Personnel in our Company

Following KMPs hold Equity shares in our Company :

Name of the KMP	Shares held	% to the present capital
Mr. Avinash Ravi, MD	17,68,821	12.87%
Ms. Haritha Varanasi	5	-

Bonus or profit sharing plan of the Key Managerial Personnel

Our Company does not have a performance linked bonus or a profit sharing plans for the Key Management Personnel. However, our Company pays incentive to all its employees based on their performance including the Key Managerial Personnel's of our Company.

Interests of Key Management Personnel

Other than as disclosed under this section under "Our Management - Interest of our Directors" and "Our Management - Shareholding of Key Management Personnel" beginning on page 138 of this Draft



Letter of Offer, our Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of Company's business.

The Key Management Personnel 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 held by them.

The Key Management Personnel are not entitled to any contingent or deferred compensation.

Payment of benefits to officers of our Company (*non-salary related*)

Except as disclosed in this Draft Letter of Offer and any statutory payments made by our Company to its officers, our Company has not paid any sum, any non-salary related amount or benefit to any of its officers or to its employees including amounts towards super-annuation, ex-gratia/rewards.

Except statutory benefits upon termination of employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation. Contributions are made by our Company towards provident fund, gratuity fund and employee state insurance.

Arrangement and Understanding with Major Shareholders/Customers/ Suppliers

None of the Key Managerial Personnel have been selected pursuant to any arrangement/ understanding with major shareholders/customers/suppliers.

Details of Service Contracts of the Key Managerial Personnel

Except for the terms set forth in the appointment letters, the Key Managerial Personnel have not entered into any other contractual arrangements with our Company for provision of benefits or payments of any amount upon termination of employment.

Employee Stock Option or Employee Stock Purchase

Our Company has not granted any options or allotted any Equity Shares under the ESOP Scheme as on the date of this Draft Letter of Offer.

Loans availed by Directors / Key Managerial Personnel of our Company

None of the Key Managerial Personnel have availed loan from our Company which is outstanding as on the date of this Draft Letter of Offer.



Changes in our Company's Key Managerial Personnel during the last three (3) years

The changes in the Key Managerial Personnel of our Company in the last three (3) years are as follows:



Serial	Name of the KMP	Designation	Date of change	Reason for change
1	Mr. Avinash Ravi	Managing Director	13.08.2015	Appointment
2	Mr. C V R S N Kumar	CFO	13.08.2015	Appointment
3	Ms. Haritha Varanasi	CS	03.07.2015	Appointment
4	Mr. Appala Raju	General Manager-Nellore	28.09.2015	Appointment
5	Mr. Rama Rao T	General Manager-Visakhapatnam Unit	27.11.2015	Appointment
6	Mr. Rama Rao T	General Manager-Visakhapatnam Unit	11.08.2017	Resignation
7	Mr. Krishna Mohan N	General Manager-Nellore	27.07.2017	Appointment
8	Mr. C V R S N Kumar	CFO	31.05.2018	Retirement
9	Mr. S Phani Srinath	CFO (<i>w.e.f. 10.09.2018</i>)	02.11.2016	Appointment

OUR PROMOTER AND PROMOTER GROUP

Our Promoter

Our Promoters are Dr. R T Ravi, Mr. Avinash Ravi and M/s Ipca Laboratories Limited. As on the date of this Draft Letter of Offer, our Promoters and promoter group hold 82,14,341 Equity Shares, which constitutes 59.77% of the issued, subscribed and paid-up Equity Share capital of our Company.

Details of Individual Promoter of our Company

	<p>Dr. R T Ravi is the Promoter and Chairman of our Company. For a complete profile of Dr. R T Ravi, please refer to section titled "Our Management" beginning on page 133 of this Draft Letter of Offer.</p> <p>Driving Licence Number: DL1235245/15 Voter Identification Number: FZZ3030657</p> <p>For further details in relation to other ventures of Dr. R T Ravi, please refer to section titled "Group Entities of our Company" beginning on page 156 of this Draft Letter of Offer.</p>
	<p>Mr. Avinash Ravi is the Promoter and Managing Director of our Company. For a complete profile of Mr. Avinash Ravi, please refer to section titled "Our Management" beginning on page 133 of this Draft Letter of Offer.</p> <p>Driving Licence Number: DL0048340/17 Voter Identification Number: FZZ3030665</p> <p>For further details in relation to other ventures of Mr. Avinash Ravi, please refer to section titled "Group Entities of our Company" beginning on page 156 of this Draft Letter of Offer.</p>

Our Company confirms that it has submitted the details of the PAN, Bank Account Number and Passport Numbers of our Promoters to the Stock Exchanges at the time of filing the Draft Letter of Offer.

Details of Corporate Promoters of our Company

Ipca Laboratories Limited (Ipca) acquired 18,00,000 Equity Shares of our Company on February 11, 2015 and also entered into a Memorandum of Understanding (MOU) on February 13, 2015 with our Company and its promoters envisaging acquisition of joint control of the management of our Company with existing promoters and proposal for allotment of shares on preferential basis.

Pursuant to the Resolution passed by our Board of Directors at their meeting held on February 13, 2015 and the MOU as aforesaid, the Ipca agreed to subscribe to 23,00,000 Equity Shares, to be issued to them on preferential basis subject to compliance of applicable Statutory and Regulatory norms.



The execution of the MOU and the Resolution passed by the Board of Directors of our Company triggered the provisions of SEBI SAST Regulations and accordingly, Ipca made an open offer to the shareholders of our Company to acquire 35,73,515 Equity Shares (representing 26% of the then enhanced Equity Capital) of Rs. 10/- each at a price of Rs. 54/- per Equity Share, thereby complying with the provisions of the SEBI SAST Regulations. The Open Offer was made during November 2015 and all the formalities were completed during the same month.

Consequent to the open offer as aforesaid, Ipca gained joint control of our Management and are one of the promoters of our Company.

Background of Ipca Laboratories Limited

Ipca Laboratories Limited was incorporated on October 19, 1949 under the Companies Act, 1913 under the name "The Indian Pharmaceutical Combine Association Limited" with the Registrar of Companies, Maharashtra at Mumbai. The name was subsequently changed to Ipca Laboratories Limited on August 6, 1964. The name was further changed to Ipca Laboratories Private Limited on January 13, 1966.

Ipca was originally promoted by a group of medical professionals and businessmen consisting of Dr. Nariman Kavajji Chaina, Dr. Amul Maganlal Desai, Dr. Nandkishore S. Tibrewala, Mr. Kantilal M. Shroff, Mr. Sam Framroze Kirawal, Mr. Uttamlal H. Dalal and Mr. Kaniyalal B. Mehta. During the year 1975, the management of Ipca was taken over by a group consisting of Mr. Amitabh Bachchan, Mrs Jaya Bachchan, Mr. Ajitabh Bachchan, Mr. Premchand Godha and Mr. M R Chandurkar. The present promoters of Ipca are Mr. Premchand Godha, Mr. M.R. Chandurkar and their relatives and companies promoted by them.

The name of Ipca was once again changed to Ipca Laboratories Limited on August 9, 1988 on which date, this Company became a Deemed Public Limited Company under the provisions of Section 43A(1A) of the Companies Act, 1956. Ipca became a Public Limited Company on March 24, 1993 by deleting the restrictive provisions in this company's Articles of Association in terms of Section 3(1)(iii) of the Companies Act, 1956 and adopting a fresh set of Articles of Association.

Ipca is a fully-integrated Indian pharmaceutical company manufacturing nearly 350 formulations and 80 APIs for various therapeutic segments. For more than 60 years, Ipca has been partnering healthcare globally in over 100 countries and in markets as diverse as Africa, Asia, Australia, Europe and the US.

Ipca is one of the world's largest manufacturers and suppliers of over a dozen APIs. These are produced right from the basic stage at manufacturing facilities inspected by the world's most discerning drug regulatory authorities like US-FDA, UK-MHRA, EDQM-Europe, WHO-Geneva and many more.

Ipca is a therapy leader in India for anti-malarials and also leader in DMARDs (Disease Modifying Anti-Rheumatic Drugs) treatment for rheumatoid arthritis. Ipca has leading brands in 5 therapeutic areas, with 4 of their branded formulations being ranked among the Top-300 Indian brands by ORG-IMS.

Ipca operates its formulation manufacturing facilities at Madhya Pradesh, Gujarat, Silvasa, Sikkim and Uttarakhand. Its bulk drug manufacturing facilities are located at Madhya Pradesh, Gujarat and Maharashtra.

Ipca came out with its maiden public issue of Equity Shares during the year 1994. The Equity Shares of Ipca are listed on BSE and NSE.

**Financial performance of Ipca**

Statement of Assets & Liabilities (consolidated)

(Rs. in lakhs)

Particulars	31/03/2018	31/03/2017	31/03/2016
(1) Equity & Liabilities			
Shareholders' Funds			
(a) Share Capital	2,524	2,524	2,524
(b) Reserves & Surplus	2,66,333	2,43,002	2,23,395
(2) Non-Current Liabilities			
(a) Long term borrowings	23,401	35,174	48,427
(b) Deferred tax liabilities (net)	15,971	17,047	15,646
(c) Long term provisions	2,588	2,455	2,028
(d) Other non-current liabilities	156	156	156
(3) Current Liabilities			
(a) Short term borrowings	23,904	17,730	18,485
(b) Trade payable	42,347	39,654	42,111
(c) Other current liabilities	26,675	31,641	29,750
(d) Short term provisions	6,721	6,041	6,222
(e) Current liabilities (net)	1,110	527	427
Total	4,11,730	3,95,951	3,89,171
(4) Non-Current Assets			
(a) Property, plant & equipment	1,85,361	1,91,340	1,94,189
(b) Capital work-in-progress	4,179	6,210	9,361
(c) Goodwill	4,720	4,720	4,720
(d) Other intangible assets	5,215	2,267	2,509
(e) Intangible assets under development	3,121	3,254	3,513
(f) Financial assets	11,380	9,901	7,284
(g) Investments	1,752	2,219	2,582
(h) Deferred assets (net)	174	-	-
(i) Other non-current assets	1,280	1,858	2,821
(5) Current Assets			
(a) Current Investments	6,935	11,357	-
(b) Inventories	88,059	88,222	83,742
(c) Trade receivables	60,227	50,016	44,587
(d) Cash and bank balances	15,057	3,585	17,554
(e) Short term loans & advances	287	205	175
(f) Other current assets	23,983	20,797	16,134
Total	4,11,730	3,95,951	3,89,171



Statement of Profit & Loss (consolidated)

(Rs. in lakhs)

Particulars	31/03/2018	31/03/2017	31/03/2016
INCOME			
Revenue from operations	3,28,357	3,21,220	2,90,651
Other Income	4,180	2,101	2,222
Total Income	3,32,537	3,23,321	2,92,873
Total expenses	3,03,061	2,96,289	2,81,209
Share of profit/(loss) from investment in associates	(423)	(826)	(306)
Profit before exceptional items and tax	29,053	26,206	11,358
Exceptional items	-	-	-
Profit before tax	29,053	26,206	11,358
Taxes	5,111	6,752	2,044
Profit for the period	23,942	19,454	9,314
Other comprehensive income	875	153	(1,587)
TOTAL INCOME	24,817	19,607	7,727

Present promoters of Ipca

The promoters of Ipca alongwith their shareholding in Ipca are as under :

Name of the promoter / promoter group	% of Shares held in Ipca
Mr. Premchand Godha	2.12%
Mr. M.R. Chandurkar	1.70%
Ms. Usha Chandurkar	1.58%
Ms. Usha Godha	0.96%
Mr. Sameer Chandurkar	0.79%
Mr. Prashant Godha	0.60%
Mr. Pranay Godha	0.65%
Mr. Nirmal Jain	0.09%
Ms. Bhawna Godha	Negligible
Ms. Neetu Godha	Negligible
Kaygee Investments Pvt Ltd	21.38%
Kaygee Laboratories Pvt Ltd	6.59%
Chandurkar Investments Pvt Ltd	5.52%
Paschim Chemicals Pvt Ltd	3.98%
Makers Laboratories Limited	0.08%
Paranthapa Investments and Traders Pvt Ltd	0.01%
Mexin Medicaments Pvt Ltd	0.01%



Details of the corporate promoters of Ipca

Name	Promoter	Directors	Shareholding above 15%
Kaygee Investments Pvt. Ltd. (paid-up Equity : 2,38,282 Shares of Rs. 10/- each)	Mr. Premchand Godha	<ul style="list-style-type: none"> • Mr. Premchand Godha • Mr. Pranay Godha • Mr. Prashant Godha 	<ul style="list-style-type: none"> • Gudakesh Investments & Traders Pvt Ltd • Ms Usha Godha • Mr Premchand Godha
Kaygee Laboratories Pvt Ltd (paid-up Equity : 14,50,000 Shares of Rs. 10/- each)	Mr. Premchand Godha	<ul style="list-style-type: none"> • Mr. Pranay Godha • Mr. Prashant Godha 	<ul style="list-style-type: none"> • Kaygee Investments Pvt Ltd • Paschim Chemicals Pvt Ltd • Mexin Medicaments Pvt Ltd
Chandurkar Investments Pvt Ltd (paid-up Equity : 3,66,440 Shares of Rs. 10/- each)	Mr. M R Chandurkar	<ul style="list-style-type: none"> • Mr. M R Chandurkar • Mr Sameer M Chandurkar • Ms Usha M Chandurkar 	<ul style="list-style-type: none"> • Mr M R Chandurkar • Ms Usha Chandurkar • Mr Sameer Chandurkar
Paschim Chemicals Pvt Ltd (paid-up Equity : 1,08,192 Shares of Rs. 100/- each)	Mr. Premchand Godha	<ul style="list-style-type: none"> • Mr. Pranay Godha • Mr. Prashant Godha 	<ul style="list-style-type: none"> • Kaygee Investments Pvt Ltd
Makers Laboratories Ltd (paid-up Equity : 49,16,980 Shares of Rs. 10/- each)	<ul style="list-style-type: none"> • Mr. Premchand Godha • Mr. Prashant Godha • Mr. Nirmal Jain • Ms. Usha Godha • Ms. Usha Chandurkar • Ms. Bhawna Godha • Mr. Sameer Chandurkar • Kaygee Investments Pvt Ltd • Kaygee Laboratories Pvt Ltd • Paschim Chemicals Pvt Ltd • Mexin Medicaments Pvt Ltd • Chandurkar Investments Pvt Ltd 	<ul style="list-style-type: none"> • Sudarshan V Loyalka • Kailashchandra N Jain • Rajeshwar Bishma Pratap Bhaskar Singh • Saahil Umesh Parikh • Dipti Chinubhai Shah 	<ul style="list-style-type: none"> • Kaygee Laboratories Pvt Ltd • Paschim Chemicals Pvt Ltd
Paranthapa Investments and Traders Pvt Ltd (paid-up Equity : 5,000 Shares of Rs. 100/- each)	• Mr. Premchand Godha	<ul style="list-style-type: none"> • Mr. Premchand Godha • Mr. Pranay Godha • Mr. Prashant Godha 	<ul style="list-style-type: none"> • Mr. Premchand Godha • Ms Usha Godha • Mr Pranay Godha • Mr Prashant Godha
Mexin Medicaments Pvt Ltd (paid-up Equity : 1,08,000 Shares of Rs. 100/- each)	• Mr. Premchand Godha	<ul style="list-style-type: none"> • Mr. Pranay Godha • Mr. Prashant Godha • Mr Nirmal Gigalal Jain 	<ul style="list-style-type: none"> • Kaygee Investments Pvt Ltd



Board of Directors of Ipca

The Board of Directors of Ipca are :

1. Mr. Premchand Godha (*Chairman & Managing Director*)
2. Mr. Ajit Kumar Jain (*Jt. Managing Director*)
3. Mr. Pranay Godha (*Executive Director*)
4. Mr. Prashant Godha (*Executive Director*)
5. Mr. Babulal Jain (*Independent Director*)
6. Mr. Anand T Kusre (*Independent Director*)
7. Mr. Dev Prakash Yadava (*Independent Director*)
8. Dr. Ramakanta Panda (*Independent Director*)
9. Dr (Mrs) Manisha Premnath (*Independent Director*)

There has been no change in control or management of Ipca during the past 3 years from the date of this draft Letter of Offer.

In respect of Ipca, our Company confirms that it has submitted the details of the PAN, Bank Account Number, Company Registration number and the address of the Registrar of Companies to the Stock Exchanges at the time of filing the Draft Letter of Offer.

Promoter Group

The promoters of our Company are Dr. R T Ravi, Mr. Avinash Ravi and M/s Ipca Laboratories Limited.

The relatives and associates of the promoter forming part of the promoter group as defined under the SEBI ICDR Regulations in respect of Dr. R T Ravi and Mr. Avinash Ravi, being the individual promoters, are given below :

(1) Natural Persons

Relationship with the Relative	Dr. R.T. Ravi	Mr. Avinash Ravi
Father	Late Ravi Ramakrishnaiah	Dr. R T Ravi
Mother	Mrs Anusuyavati	Mrs Hemalata Ravi
Spouse	Mrs Hemalata Ravi	Mrs Kate Ravi
Brother	Mr. R Kishore Babu	Mr. Aditya Ravi; Mr. Ajay Ravi
Sister	Mrs Saraladevi; Mrs Rajeshwaridevi	-
Daughter	-	-
Son	Mr. Avinash Ravi, Mr. Ajay Ravi and Mr. Aditya Ravi	-
Spouse's father	Late Ankineedu Govada	Mr. Leonard Saunders
Spouse's mother	Mrs M Bullamma Govada	Mrs Margaret Saunders
Spouse's brother	Mr. Ramakrishna Prasad Govada	Mr. Leonard Saunders
Spouse's sister	Mrs Sunkara Lakshmi Parvati, Mrs M Jhansi Lakshmi	-



(2) Body Corporates

Association by natural promoters (*Dr. R T Ravi, Mr. Avinash Ravi and the promoter group*)

Serial	Company	Nature of relationship
1	Vishaka Foods Private Limited	Promoted by Dr. R T Ravi and family / associates
2	Ravi Agroceuticals Private Limited	Promoted by Mrs. Hemalata Ravi & Mr. Ajay Ravi

The associates of the promoter forming part of the promoter group as defined under the SEBI ICDR Regulations in respect of Ipca Laboratories Limited, being the corporate promoters, are as under :

Serial	Name of the entity	Relationship with Ipca
1	Ipca Pharma Nigeria Limited, Nigeria	100% Subsidiary / 100% step-down subsidiary
2	Ipca Pharmaceutics Inc, USA	
3	Ipca Pharmaceuticals Limited, SA de CV, Mexico	
4	Ipca Pharma (Australia) Pty. Ltd., Australia	
5	Ipca Pharma (NZ) Pty. Ltd., New Zealand	
6	Ipca Laboratories (UK) Ltd., UK	
7	Onyx Scientific Ltd., UK	
8	Pisgah Labs Inc., USA	
9	Tonira Exports Limited	
10	Avik Pharmaceutical Limited	49% shareholding by Ipca
11	CCPL Software Private Limited	28.95% shareholding by Ipca
12	Trophic Wellness Private Limited	19.26% shareholding by Ipca
13	Kaygee Investments Private Limited	21.38% shareholding in Ipca

(3) HUF - Nil

Interests of our Promoters

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their respective Equity shareholding in our Company and any dividend distribution that may be made by our Company for any other distribution with respect to his Equity Shares in the future. For details pertaining to our Promoter's shareholding, please refer to section titled "Capital Structure" beginning on page 46 of this Draft Letter of Offer.

Our Promoters are also interested to the extent that they are Directors and Key Managerial Personnel of our Company. They are interested to the extent of any remuneration and reimbursement of expenses payable to them by virtue of being Directors and Key Managerial Personnel of our Company. For further information on remuneration to the whole-time Director, please refer to section titled "Our Management" beginning on page 133 of this Draft Letter of Offer.

Except as stated under section titled "Related Party Transactions" beginning on page 211 of this Draft Letter of Offer., our Company has not entered into any contract, agreements or arrangements during the preceding two (2) years from the date of this Draft Letter of Offer or proposes to enter into any such



contract in which our Promoters are directly or indirectly interested and no payments has been made to him in respect of the contracts, agreements or arrangements which are proposed to be made with them.

Ipca has entered into Lease-cum-Manufacturing Services Agreements dated October 4, 2014 and December 13, 2014 with our Company whereby our Company has granted lease to Ipca over the factories situated at Unit-I, Regadichelika, Talamanchi Panchayat, Racharlapadu Post, Nellore District - 524316 and at Kothapalli Village, Kasimkota Mandal, Visakhapatnam District - 531031, Andhra Pradesh alongwith all manufacturing facilities for use by Ipca for manufacturing, packaging, storing and dispatch from such factories of Active Pharmaceutical Ingredients and other products of Ipca as specified in the respective agreements. For further details, please refer to the para on "Other Agreement" appearing under the section "History and certain Corporate Matters" appearing on page 121 of this Draft Letter of Offer.

Except as stated otherwise in this Draft Letter of Offer, our Promoters or Group Companies do not have any interest in any property acquired by our Company within two (2) years of the date of this Draft Letter of Offer or proposed to be acquired by it or in any transaction in acquisition of land or any construction of building or supply of machinery.

Our Promoters are not related to any sundry debtors of our Company.

Except as disclosed in this Draft Letter of Offer, 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 shares or otherwise by any person for services rendered by them or by such firm or company in connection with the promotion or formation of our Company.

Common Pursuits

Our Promoters do not have any interest in any ventures that is involved in the same line of activity or business as that of our Company i.e. manufacturing of fermentation / enzymatic based APIs.

Confirmations

The Company hereby confirms that:

- Our Promoters and members of the Promoter Group have not been declared as Wilful Defaulters.
- 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 and members of the Promoter Group are not and have never been promoter, directors 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.

Related Party Transactions

For details of related party transactions entered into by our Promoter, Promoter Group and our Company during the last financial year, the nature of transactions and the cumulative value of transactions, please refer to section titled "Related Party Transactions" beginning on page 211 of this Draft Letter of Offer.



Interest of Promoter in sales and purchases

There are no sales/purchases between our Company and any Group Company and associate company when such sales or purchases exceed in value the aggregate of 10% of the total sales or purchases of our Company or any business interest between our Company, and our Group Company as on the date of the last financial statements except those which are detailed under "Related Party Transactions" beginning on page 211 of this draft Letter of Offer.

Payment or benefits to the Promoters

Except as stated otherwise in under section titled "Related Party Transactions" beginning on page 211 of this Draft Letter of Offer about the related party transactions entered into during the last five (5) Financial Years as per Accounting Standard 18 there has been no payment or benefit to our Promoters or Promoter Group during the two (2) years prior to the filing of this Draft Letter of Offer nor is there any intention to pay or give any benefit to our Promoters or Promoter Group as on the date of this Draft Letter of Offer.

Disassociation by the Promoters from entities in last three (3) years

Our Promoters have not disassociated from any of the companies or firms in the last three (3) years.

Change in the management and control of our Company

Pursuant to the Resolution passed by our Board of Directors at their meeting held on February 13, 2015 and MOU entered into with our Company and promoter shareholders, the Ipca agreed to subscribe to 23,00,000 Equity Shares, to be issued to them on preferential basis subject to compliance of applicable Statutory and Regulatory norms. The execution of the MOU and the Resolution passed by the Board of Directors of our Company triggered the provisions of SEBI SAST Regulations and accordingly, Ipca made an open offer to the shareholders of our Company thereby complying with the provisions of the SEBI SAST Regulations. Consequent to the open offer as aforesaid, Ipca gained joint control of our Management and are one of the promoters of our Company.

Save for this, there has not been any change in the management or control of our Company.

Outstanding Litigation

Details of outstanding litigation / disputes involving our promoters are :

Individual Promoters

- (a) Civil case filed by Dr. R.T. Ravi and Avinash Ravi - W.P.no 11/02/18 filed against Ryots and the Government of Andhra Pradesh
- (b) Criminal case against Dr. R.T. Ravi and Mr. Avinash Ravi
 - Complaint of Mr. Venkaiah alleging trespass
 - Complaint of MRO alleging trespass
 - Pending case at the Metropolitan Sessions Judge for alleged sale of controller substance Ephedrine



Corporate Promoter – Ipca

- (a) Criminal cases filed against Ipca by Socio Political Observer of India and by one Mr. Pranav Deepak Mahajan & Others
- (b) Civil proceedings – relating to labour cases
- (c) Tax proceedings

For details on the nature of the dispute / litigation, please refer to section “Outstanding Litigation, material development and Other disclosures” beginning on page 251 of this draft Letter of Offer.

GROUP ENTITIES / PROMOTER GROUP COMPANIES

As per the SEBI (ICDR) Regulations, for the purpose of identification of Group Companies, our Company has considered companies/ entities covered under the applicable accounting standard, i.e., AS-18 as per the Restated Financial Statements and other companies/ entities considered material by our Board.

Based on the above, as on the date of this Draft Letter of Offer, following are our Group Companies/ entities:

1. Visakha Foods Private Limited
2. Ravi Agroceuticals Private Limited
3. Ipca Pharma Nigeria Limited, Nigeria
4. Ipca Pharmaceuticals Inc, USA
5. Ipca Pharmaceuticals Limited, SA de CV, Mexico
6. Ipca Pharma (Australia) Pty. Ltd., Australia
7. Ipca Pharma (NZ) Pty. Ltd., New Zealand
8. Ipca Laboratories (UK) Ltd., UK
9. Onyx Scientific Ltd., UK
10. Pisgah Labs Inc., USA
11. Tonira Exports Limited
12. Avik Pharmaceutical Limited
13. CCPL Software Private Limited
14. Trophic Wellness Private Limited
15. Kaygee Investments Private Limited

Brief details of the group companies

(a) Visaka Foods Private Limited (VFPL)

Corporate Information

Visaka Foods Private Limited was incorporated on May 23, 2001 with the Registrar of Companies, Hyderabad. The registered office of VFPL is Plot No. L239, D Block, IDA Autonagar, Visakhapatnam – 530 012, AP; CIN : U15499AP2001PTC036776

Nature of business

VFPL is engaged, inter alia, in the business of manufacture of Pasta and Vermicelli.



Capital structure

The issued and paid-up share capital of VFPL is Rs. 96,57,630/- divided into 9,65,763 equity shares of Rs. 10/- per equity share.

Nature and extent of interest of our Promoters

Our Promoters are interested in VFPL to the extent of their shareholding and directorship and the shareholding of their relatives in VFPL and in any dividend distribution and corporate benefits which may be made by VFPL in the future. The entire shareholding of VFPL is held by Dr. R T Ravi, Mr. Avinash Ravi and their family members & associates.

Shareholding pattern

Name	Relation with Krebs	Shares	% of shareholding
Dr. R T Ravi	Promoter	1,04,055	10.77%
Mr. Avinash Ravi	Promoter	73,480	7.61%
Mrs Hemalata Ravi	Promoter group	1,88,012	19.47%
Mr. Ajay Ravi	Promoter group	64,089	6.64%
Mr. Aditya Ravi	Promoter group	81,794	8.47%
G V L Prasad	Director	64,530	6.68%
Others	Family friends & associates of Dr R T Ravi	3,89,803	40.36%
	Total	9,65,763	100.00%

Financial performance

Particulars	(Rs. in lakhs)		
	31/03/2017	31/03/2016	31/03/2015
Equity Capital	96.58	67.66	67.66
Reserves and surplus	197.80	188.17	184.68
Total income	1,665.46	1,161.77	687.42
Profit/(Loss) after tax	(106.05)	3.49	(26.24)
EPS (Rs.)	-	0.52	-
Book Value per share (Rs.)	30.48	37.81	37.30

Accounts for FY 2017-18 under audit

Loss making

Visaka Foods Private Limited has incurred loss in the immediately preceding financial year

(b) Ravi Agrochemicals Private Limited (RAPL)

Corporate Information

Ravi Agrochemicals Private Limited was incorporated on March 30, 1999 with the Registrar of Companies, Hyderabad. The registered office of RAPL is H. No. 15/471, Venkatramapuram, Nellore - 524 001, AP; CIN : U01122AP1999PTC031424.



Nature of business

RAPL is engaged, inter alia, in the business of dealing with cultivation and processing of medicinal plants and other agricultural related products.

Capital structure

The issued and paid-up share capital of RAPL is Rs. 3,00,000/- divided into 30,000 equity shares of Rs. 10/- per equity share.

Nature and extent of interest of our Promoters

Our Promoters are interested in RAPL to the extent of their shareholding and directorship and the shareholding of their relatives in RAPL and in any dividend distribution and corporate benefits which may be made by RAPL in the future. The entire shareholding of RAPL is held by Mrs. Hemalata Ravi and Mr. Ajay Ravi, members of our Promoter Group.

Shareholding pattern

Name	Relation with Krebs	Shares	% of shareholding
Mrs Hemalata Ravi	Promoter group	1,500	50.00%
Mr. Ajay Ravi	Promoter group	1,500	50.00%
	Total	3,000	100.00%

Financial performance

(In rupees)

Particulars	31/03/2017	31/03/2016	31/03/2015
Equity Capital	3.00	3.00	3.00
Reserves and surplus	12.00	10.74	9.19
Total income	3.00	3.00	3.00
Profit/(Loss) after tax	1.25	1.55	1.56
EPS (Rs.)	4.18	5.17	5.20
Book Value per share (Rs.)	50.00	45.81	40.63

Accounts for FY 2017-18 under audit

(c) **Ipca Pharma Nigeria Limited, Nigeria (IPNL)**

Corporate Information

Ipca Pharma Nigeria Limited became wholly owned subsidiary of Ipca on January 31, 2007 and is engaged in the marketing of formulations and APIs in the Nigerian market. The registered office of IPNL is situated at 17, Osolo Way, Ajao Estate, Isolo, Lagos, Nigeria.

Nature of business

IPNL is engaged, inter alia, in the business of marketing of formulations and APIs in the Nigerian market.

Nature and extent of interest of our Promoters

Our Promoters are interested in IPNL to the extent of their shareholding and in any dividend distribution and corporate benefits which may be made by IPNL in the future. The entire shareholding of IPNL is held by Ipca Laboratories Limited, one of our promoters.

Financial performance

Particulars	(Rs. in lakhs)		
	31/03/2018	31/03/2017	31/03/2016
Equity capital	188.94	188.94	188.94
Reserves and surplus	216.30	178.63	407.22
Total income	1,394.08	1,488.14	2,283.17
Profit/(Loss) after tax	31.04	(126.68)	14.32
EPS (Rs.)	0.06	(0.25)	0.03
Book Value per share (Rs.)	0.79	0.71	1.16

(d) Ipca Pharmaceuticals Inc., USA (IPI)Corporate Information

This wholly owned subsidiary of Ipca, Ipca Pharmaceuticals Inc was incorporated on July 10, 2003 in the State of New Jersey, USA. The registered office of IPI is situated at 51 Cragwood Road, Suite No. 307 South Plainfield, NJ 07080, USA.

Nature of business

IPI is engaged, inter alia, in the business of co-ordinating the development and registration of formulations developed by Ipca as well as distribution of APIs manufactured by Ipca in the USA market.

Nature and extent of interest of our Promoters

Our Promoters are interested in IPI to the extent of their shareholding and in any dividend distribution and corporate benefits which may be made by IPI in the future. The entire shareholding of IPI is held by Ipca Laboratories Limited, one of our promoters.

Financial performance

Particulars	(Rs. in lakhs)		
	31/03/2018	31/03/2017	31/03/2016
Equity capital	6,776.53	920.20	920.20
Reserves and surplus	11.67	(201.86)	(267.43)
Total income	398.61	504.40	574.98
Profit/(Loss) after tax	36.28	83.41	95.21

EPS and Book Value of IPI's shares cannot be calculated since the Company has no par value of its shares

**(e) Ipca Pharmaceuticals Ltd. SA de CV, Mexico (IPLSA)**Corporate Information

Ipca Pharmaceuticals Ltd. SA de CV was incorporated on May 7, 2008 in Mexico. The registered office of IPLSA is situated at Presa La Angostura, 116 Colonia Irrigacion, Delegacion Miguel Hidalgo, C.P. 11500, Alvaro Obregon, Mexico D.F.

Nature of business

IPLSA is engaged, inter alia, in the business of promotion of pharmaceuticals manufactured by Ipca in the Mexican market after its registration with the Mexican regulatory authority(ies).

Nature and extent of interest of our Promoters

Our Promoters are interested in IPLSA to the extent of their shareholding and in any dividend distribution and corporate benefits which may be made by IPLSA in the future. The entire shareholding of IPLSA is held by Ipca Laboratories Limited, one of our promoters.

Financial performance

Particulars	(Rs. in lakhs)		
	31/03/2018	31/03/2017	31/03/2016
Equity capital	115.15	115.15	115.15
Reserves and surplus	(119.30)	(110.48)	(106.09)
Total income	-	-	14.53
Profit/(Loss) after tax	(8.82)	(4.39)	(2.86)

EPS and Book Value of IPLSA's shares cannot be calculated since the Company has no par value of its shares

Loss making

IPLSA has incurred loss in the immediately preceding financial year.

(f) Ipca Pharma (Australia) Pty. Ltd., Australia (IPAPL)Corporate Information

Ipca Pharma (Australia) Pty. Ltd. was incorporated on April 29, 2002 and became wholly owned subsidiary of Ipca in the financial year 2007-08. The registered office of IPAPL is situated at 6 Morotai Avenue, Ashburton, VIC 3147 Melbourne, Australia.

Nature of business

IPAPL is engaged, inter alia, in the business of holding Ipca's formulations dossier registrations with TGA, Australia and sale of pharmaceuticals manufactured by Ipca in the Australian market.

Nature and extent of interest of our Promoters

Our Promoters are interested in IPAPL to the extent of their shareholding and in any dividend distribution and corporate benefits which may be made by IPAPL in the future. The entire shareholding of IPAPL is held by Ipca Laboratories Limited, one of our promoters.

Financial performance

Particulars	(Rs. in lakhs)		
	31/03/2018	31/03/2017	31/03/2016
Equity capital	12.98	12.98	12.98
Reserves and surplus	40.58	53.86	42.96
Total income	17.73	49.25	22.46
Profit/(Loss) after tax	(14.01)	12.77	(6.40)
EPS (Rs.)	(52.00)	47.39	(23.75)
Book Value per share (Rs.)	198.78	248.07	207.62

Loss making

IPAPL has incurred loss in the immediately preceding financial year

(g) Ipca Pharma (NZ) Pty. Ltd., New Zealand (IPNPL)Corporate Information

Ipca Pharma (NZ) Pty. Ltd. was incorporated on June 4, 2003 in New Zealand. The registered office of IPNPL is situated at 3-A, St. Oswalds Road, Greenlane, Auckland 1061, New Zealand.

Nature of business

IPNPL was incorporated with the object of engaging, inter alia, in the business of holding formulation dossier registrations in New Zealand and to distribute formulations manufactured by Ipca in the New Zealand market.

Nature and extent of interest of our Promoters

Our Promoters are interested in IPNPL to the extent of their shareholding and in any dividend distribution and corporate benefits which may be made by IPNPL in the future. The entire shareholding of IPNPL is held by Ipca Laboratories Limited, one of our promoters.

Financial performance

Particulars	(Rs. in lakhs)		
	31/03/2018	31/03/2017	31/03/2016
Equity capital	0.04	0.04	0.04
Reserves and surplus	(0.01)	-	0.03
Total income	-	-	-
Profit/(Loss) after tax	-	(0.02)	(0.02)
EPS (Rs.)	-	-	(20.00)
Book Value per share (Rs.)	34.88	45.97	80.46

Loss making

IPNPL has incurred negligible loss in the immediately preceding financial year and since the amount of loss is in thousands, and reports figures are in lakhs, it is shown as “-” in the above table.

(h) Ipca Laboratories (UK) Limited, UK (ILUK)Corporate Information

Ipca Laboratories (UK) Limited was incorporated on November 4, 2003 in the United Kingdom. The registered office of ILUK is situated at Units 97-98, Silverbriar, Sunderland Enterprise Park East, Sunderland SR5 2TQ, UK.

Nature of business

ILUK is engaged, inter alia, in the business of contract research, holding of formulation dossier registration in the European market and distribution of pharmaceuticals manufactured by Ipca in the United Kingdom and Europe.

Nature and extent of interest of our Promoters

Our Promoters are interested in ILUK to the extent of their shareholding and in any dividend distribution and corporate benefits which may be made by ILUK in the future. The entire shareholding of ILUK is held by Ipca Laboratories Limited, one of our promoters.

Financial performance

Particulars	(Rs. in lakhs)		
	31/03/2018	31/03/2017	31/03/2016
Equity capital	3,513.22	4,538.82	4,820.86
Reserves and surplus	2,070.79	(467.81)	(592.31)
Total income	1,679.89	637.94	236.26
Profit/(Loss) after tax	1,674.69	561.84	(9.16)
EPS (Rs.)	183.19	61.46	(1.00)
Book Value per share (Rs.)	610.82	445.32	462.55

(i) Onyx Scientific Limited, UK (OSL)Corporate Information

The registered office of OSL is situated at Silverbriar, Sunderland Enterprise Park East, Sunderland SR5 2TQ, UK.

Nature of business

OSL is engaged, inter alia, in the business of providing of chemistry research and development services to pharmaceutical industry.



Nature and extent of interest of our Promoters

Our Promoters are interested in OSL to the extent of their shareholding and in any dividend distribution and corporate benefits which may be made by OSL in the future. The entire shareholding of OSL is held by Ipca Laboratories (UK) Limited which is a wholly-owned subsidiary of Ipca Laboratories Limited, one of our promoters.

Financial performance

Particulars	(Rs. in lakhs)		
	31/03/2018	31/03/2017	31/03/2016
Equity capital	249.63	249.63	249.63
Reserves and surplus	2,546.45	2,646.36	2,275.12
Total income	5,296.47	4,936.16	4,502.73
Profit/(Loss) after tax	1,250.20	1,084.34	498.84
EPS (Rs.)	339.62	294.56	135.51
Book Value per share (Rs.)	759.55	786.69	685.85

(j) PISGAH LABORATORIES INC, USA (PLI)

Corporate Information

Pisgah Laboratories Inc was incorporated in 1981. The registered office of PLI is situated at 3222, Old Hendersonville Highway, Pisgah Forest, NC 28768, USA.

Nature of business

PLI is engaged, inter alia, in the business of contract manufacturing and development of APIs.

Nature and extent of interest of our Promoters

Our Promoters are interested in PLI to the extent of their shareholding and in any dividend distribution and corporate benefits which may be made by PLI in the future. The entire shareholding of PLI was acquired on January 16, 2018 and is now held by Ipca Pharmaceutical Inc., USA (90%) and Onyx Scientific Limited, UK (10%), wholly owned / stepdown wholly owned subsidiaries of Ipca Laboratories Limited, one of our promoters.

Financial performance

Particulars	(Rs. in lakhs)
	16/01/2018 to 31/03/2018
Equity capital	58.90
Reserves and surplus	6,250.58
Total income	167.60
Profit/(Loss) after tax	(98.79)
EPS (Rs.)	-
Book Value per share (Rs.)	6,858.13

Loss making

PLI has incurred loss in the immediately preceding financial year

**(k) Tonira Exports Limited (TEL)**Corporate Information

Tonira Exports Limited was incorporated on April 25, 1995 with the Registrar of Companies, Gujarat. The registered office of TEL was subsequently shifted to Maharashtra. The registered office of TEL is situated at 142AB, Kandivli Industrial Estate, Kandivli (West), Mumbai - 400 067; CIN : U51909MH1995PLC248308

Nature of business

TEL is currently not engaged into any business activity. This Company's income is on account of lease rental from Ipca for the plot of land rented to them.

Nature and extent of interest of our Promoters

Our Promoters are interested in TEL to the extent of their shareholding and in any dividend distribution and corporate benefits which may be made by TEL in the future. The entire shareholding of TEL is held by Ipca Laboratories Limited, one of our promoters.

Financial performance

Particulars	(Rs. in lakhs)		
	31/03/2018	31/03/2017	31/03/2016
Equity capital	10.00	10.00	10.00
Reserves and surplus	9.71	(5.48)	(6.62)
Total income	16.00	1.73	0.96
Profit/(Loss) after tax	15.19	1.14	0.53
EPS (Rs.)	15.19	1.14	0.53
Book Value per share (Rs.)	19.71	4.52	3.38

(l) Avik Pharmaceutical Limited (APL)Corporate Information

Avik Pharmaceutical Limited was incorporated on September 25, 1979 with the Registrar of Companies, Maharashtra. The registered office of APL is situated at Arvind Chambers, Gauri Compound, 188 Kurla Road, Ground floor, Western Express Highway, Andheri (E), Mumbai - 400069; CIN : U99999MH1979PLC021711. APL was registered under BIFR and a rehabilitation scheme was sanctioned vide BIFR order dated December 17, 2013.

Nature of business

APL is engaged, inter alia, in the business of manufacturing and marketing of steroidal and hormones APIs.



Nature and extent of interest of our Promoters

Our Promoters are interested in APL to the extent of their shareholding and in any dividend distribution and corporate benefits which may be made by APL in the future. Ipca Laboratories Limited, one of our promoters, holds 49% of the shareholding in this Company.

Financial performance

Particulars	(Rs. in lakhs)		
	31/03/2018	31/03/2017	31/03/2016
Equity capital	1,020.00	1,020.00	1,020.00
Reserves and surplus	(1,536.13)	(1,747.07)	(1,583.43)
Total income	5,093.35	5,472.04	5,292.88
Profit/(Loss) after tax	232.27	(158.00)	123.20
EPS (Rs.)	22.30	(16.75)	12.52
Book Value per share (Rs.)	(50.60)	(71.28)	(55.24)

(m) CCPL Software Private Limited (CCPL)

Corporate Information

CCPL Software Private Limited was incorporated on August 21, 1995 with the Registrar of Companies, Maharashtra. The registered office of CCPL is situated at 3 Sangam, 1st floor, Opp Traffic Police Chowki, Khar West, Mumbai 400 052; CIN U74999MH1995PTC092000

Nature of business

CCPL is engaged, inter alia, in the business of developing and marketing of softwares useful for doctors and hospitals.

Nature and extent of interest of our Promoters

Our Promoters are interested in CCPL to the extent of their shareholding and in any dividend distribution and corporate benefits which may be made by CCPL in the future. Ipca Laboratories Limited, one of our promoters, holds 28.95% of the shareholding in this Company. Ipca has fully written off its investments in this Company in its books of accounts and has no further liability towards this Company. Ipca has not received any details of the audited accounts of this company for the past several years and in view of that and since Ipca has already written off its investments in this company in its books of accounts, no financial details are provided.

(n) Trophic Wellness Private Limited (TWPL)

Corporate Information

Trophic Wellness Private Limited was incorporated on December 8, 2010 with the Registrar of Companies, Maharashtra. The registered office of TWPL is situated at 142AB, Kandivli Industrial Estate, Kandivli (West), Mumbai – 400 067; CIN : U24100MH2010PTC206526

Nature of business

TWPL is engaged, inter alia, in the business of manufacturing and marketing of nutraceutical and wellness products.

Nature and extent of interest of our Promoters

Our Promoters are interested in TWPL to the extent of their shareholding and in any dividend distribution and corporate benefits which may be made by TWPL in the future. Ipca Laboratories Limited, one of our promoters, holds 19.26% of the shareholding in this Company.

Financial performance

Particulars	(Rs. in lakhs)		
	31/03/2018	31/03/2017	31/03/2016
Equity capital	405.00	405.00	368.50
Reserves and surplus	5,031.04	4,876.73	5,588.44
Total income	6,628.16	5,178.68	5,347.78
Profit/(Loss) after tax	149.82	(1,430.33)	767.49
EPS (Rs.)	3.70	(36.80)	20.69
Book Value per share (Rs.)	134.22	130.41	161.65

(o) Kaygee Investments Private Limited (KIPL)Corporate Information

Kaygee Investments Private Limited was incorporated on April 20, 1981 with the Registrar of Companies, Maharashtra. The registered office of KIPL is situated at 203A, Vastu Prestige, New Link Road, Andheri (W), Mumbai - 400 053; CIN : U67120MH1981PTC024266

Nature of business

KIPL is engaged, inter alia, in the business of investments.

Nature and extent of interest of our Promoters

KIPL holds 21.38% of the shareholding in Ipca Laboratories Limited, one of our promoters.

Financial performance

Particulars	(Rs. in lakhs)		
	31/03/2018	31/03/2017	31/03/2016
Equity capital	23.83	23.83	23.83
Reserves and surplus	11,833.00	11,574.62	11,586.60
Total income	286.76	12.13	3,069.13 #
Profit/(Loss) after tax	258.38	(11.98)	2,209.18
EPS (Rs.)	108.44	-	1,028.43
Book Value per share (Rs.)	4,975.59	4,867.16	4,872.19

including Rs. 2,308.14 lakhs being profit on sale of non-current investments



Loss making Entity

The details of the group companies which have incurred loss in the immediate proceeding financial year are as under :

Name of the entity	Amount of Loss (Rs. lakhs)	Financial Year
Visaka Foods Private Limited	106.05	2016-17
Ipca Pharmaceuticals Ltd., SA de CV, Mexico	8.82	2017-18
Ipca Pharma (Australia) Pty. Ltd., Australia	14.01	2017-18
Ipca Pharma (NZ) Pty. Ltd., New Zealand	(negligible)	2017-18
Pisgah Laboratories Inc, USA	90.89	2017-18

Related Party Transactions

For details of related party transactions please see Statement of Related party disclosures, as restated appearing in the section titled " Financial Statements" beginning on pages 171 and 211 of this Draft Letter of Offer.



Companies with negative net worth

The details of the group companies with negative net worth are as under :

Name of the entity	Networth (Rs. in lakhs)
Ipca Pharmaceuticals Ltd. SA de CV, Mexico	(4.15)
Avik Pharmaceutical Limited	(516.13)

Nature and Extent of Interest of Group Companies

(a) *In the promotion of our Company*

Our Group Companies do not have 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 (two) years before filing the Draft Letter of Offer with Stock Exchange*

Our Group Companies do not have any interest in the properties acquired or proposed to be acquired by our Company in the past 2 (two) years preceding the filing the Draft Letter of Offer with the Stock Exchange.

(c) *Related Business Transactions within the Group Companies and Significance on the Financial Performance of our Company*

For details of related party transactions please see Statement of Related party disclosures, as restated appearing in the section titled " Financial Statements" beginning on pages 171 and 211 of this Draft Letter of Offer.

Common Pursuits amongst the Group Companies with our Company

As on the date of filing of this Draft Letter of Offer, our Group Companies are not carrying any business competing with that of our Company. Our Company is engaged in the manufacturing and marketing of APIs based on fermentation process. None of our group companies currently has fermentation based APIs manufacturing facilities or capabilities.

Payment of amount or benefits to our Group Companies during the last two (2) years

Except as mentioned in the sections titled Annexure XI-Statement of Related party disclosures, as restated appearing under the section titled " Financial Statements" beginning on page 171 of this Draft



Letter of Offer, no amount or benefits were paid or were intended to be paid to our Group Companies during the last 2 (two) years from the date of filing of this Draft Letter of Offer.

Business Interest of Group Companies

For details in relation to "Interest of Group Companies" please refer to Section "Financial Information" and Statement of Related party disclosures, as restated appearing on pages 171 and 211 of this DLOF.

Other disclosures

- Our Group Companies have not remained defunct and no application has been made to the Registrar of Companies for striking off the name of our Group Companies during the 5 (five) years preceding the date of filing of the Draft Letter of Offer with the Stock Exchange.
- Our Group Companies are not under any winding up proceedings.
- No part of the net proceeds is payable to our Group Companies.
- Ipca Laboratories Limited, one of our promoters, is listed on BSE and NSE. Save for this, none of our Group Companies are listed on any of the Stock Exchanges and have not made any public/rights issue in last 5 (five) years. Further, no action has been taken against our Group Companies by any Stock Exchange or SEBI.
- Our Group Companies are not sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 and are not under the Board for Industrial and Financial Reconstruction.
- There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against our Group Companies.
- Our Group Companies have not been debarred from accessing the capital market for any reasons by the SEBI or any other authorities.
- Our Group Companies have not been identified as a willful defaulter by the RBI or other authorities.

RELATED PARTY TRANSACTIONS

For details of the related party transactions during the last five financial years, as per the requirements under Accounting Standard 18 'Related Party Disclosures', please see Section "Financial Information" and "Related Party Transactions" appearing on pages 171 and 211 of this DLOF.



DIVIDEND POLICY

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



SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

Particulars	Page Nos
Restated financial statements for the period ended June 30, 2018 and for the financial years ended March 31, 2018, 2017 and 2016	181-218
Restated financial statements for financial years ended March 31, 2015 and September 30, 2014	219-242

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL STATEMENTS

Date: September 10, 2018

**The Board of Directors
Krebs Biochemicals & Industries Limited
Hyderabad,**

Dear Sirs,

1. We have examined, the attached Restated Financial Statements of Krebs Biochemicals & Industries Limited (the "**Company**"), which comprise of the restated statement of assets and liabilities as at June 30, 2018, March 31, 2018, 2017, 2016, 2015 and 30th September 2014, the restated statement of profit and loss (including other comprehensive income) and restated statement of changes in equity for 3 months ended June 30, 2018, for the each of the financial years ended March 31, 2018, 2017 and 2016, the restated statement of profit and loss for 6 months ended March 31, 2015 and 15 months ended September 30, 2014 and the restated statement of cash flows for 3 months ended June 30, 2018, for the financial years ended March 31, 2018, 2017, 2016, for 6 months ended March 31, 2015 and 15 months ended September 30, 2014 and the summary of significant accounting policies along with notes and annexures for the respective periods (collectively referred to as the "**Restated Financial Statements**"), for the purpose of inclusion in the Draft Red Herring Prospectus ("**Offer Documents**") to be prepared by the Company in connection with its proposed issue of Shares on Rights basis (Rights Issue) to the Shareholders of the company. The Restated Financial Statements have been approved by the Board of Directors of the Company at their meeting held on September 10, 2018 and are prepared in terms of the requirements of:
 - a. Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act"); and
 - b. the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("**ICDR Regulations**").
 - c. The Guidance Note on Reports in Company Prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India as amended from time to time (the "**Guidance Note**").
2. The preparation of the Restated Financial Statements is the responsibility of the management of the Company for the purpose set out in paragraph 12 below. The management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Statements. The management is also responsible for identifying and ensuring that the Company complies with the Act and ICDR Regulations.

Our responsibility is to examine the Restated Financial Statements and confirm whether such Restated Financial Statements comply with the requirements of the Act, ICDR Regulations and the Guidance Note.
3. We have examined such Restated Financial Statements taking into consideration:



- a. The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated 1st August, 2018 in connection with the proposed Rights issue of the Company;
 - b. The Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), which include the concepts of test checks and materiality. This Guidance Note requires us to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Statements. This Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
4. These Restated Financial Statements have been compiled by the management from:
- a. Audited Ind AS financial statements of the Company for 3 months ended June 30, 2018, for the year ended March 31, 2018, March 31, 2017, which includes the comparative Ind AS financial statements as at and for the year ended March 31, 2016, in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under section 133 of the Companies Act, 2013 (the "Act") and other relevant provisions of the Act which have been approved by the Board of directors at their meeting held on September 10, 2018, May 25, 2018 and May 26, 2017 respectively. The Ind AS financial statements as at and for the year ended March 31, 2016 have been prepared by making Ind AS adjustments to the audited financial statements of the Company as at and for the year ended March 31, 2016, prepared in accordance with the accounting standards notified under the section 133 of the Act, ("Previous GAAP") which was approved by the Board of directors at their meeting held on May 28, 2016.
 - b. Audited financial statements of the Company as at and for 6 months ended March 31, 2015 and 15 months ended September 2014, prepared in accordance with Previous GAAP which have been approved by the Board of Directors at their meeting held on May 23, 2015, and November 28, 2014 respectively.
5. For the purpose of our examination, in relation to the Financial Statements of the Company as at June 30, 2018, for each of the years ended March 31, 2018, March 31, 2017 and March 31, 2016, we have relied upon our audit reports thereon each dated September 10, 2018, May 25, 2018, May 26, 2017, and May 28, 2016, respectively.

For the purpose of our examination, in relation to the Financial Statements of the Company as at for each of the periods March 31, 2015 and September 30, 2014, we have relied upon our audit reports thereon each dated May 23, 2015 and November 28, 2014 respectively.

6. Based on our examination, we report that:
- a. The restated statement of assets and liabilities of the Company as at June 30, 2018, March 31, 2018, 2017 and 2016, as set out in Annexure I to the Restated Financial Statements as per Ind AS and the Restated Statement of assets and liabilities of the Company as at March 31, 2015 and September 2014, as set out in Annexure I to the Restated Financial Statements as per Previous GAAP are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure VII and Annexure VI respectively, "Material Adjustments to Restated Financial Statements and Notes thereon".
 - b. The restated statement of profits and loss (including other comprehensive income) of the Company for the period ended June 30, 2018, for the year ended March 31, 2018, 2017 and 2016, as set out in Annexure II to the Restated Financial Statements as per Ind AS and restated



statement of profits and loss of the Company for the period ended March 31, 2015 and September 30, 2014, as set out in Annexure II to the Restated Financial Statements as per Previous GAAP are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure VII and Annexure VI respectively, "Material Adjustments to Restated Financial Statements and Notes thereon".

- c. The restated statement of changes in equity of the Company for 3 months ended June 30, 2018, for the years ended March 31, 2018, 2017 and 2016, as set out in Annexure III to the Restated Financial Statements as per Ind AS are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure VII "Material Adjustments to Restated Financial Statements and Notes thereon".
- d. The Restated statement of cash flows of the Company for 3months ended June 30, 2018, for the year ended March 31, 2018, 2017 and 2016, as set out in Annexure IV to the Restated Financial Statements as per Ind AS and the Restated Statement of cash flows of the Company for the period ended March 31, 2015 and September 30, 2014, as set out in Annexure III to the Restated Financial Statements as per Ind AS are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure VII and Annexure VI respectively, "Material Adjustments to Restated Financial Statements and Notes thereon".
- e. Based on the above, according to the information and explanations given to us and also as per our previous audit reports, we further report that, the Restated Financial Statements:
 - I. have been made after incorporating adjustments for the changes in accounting policies retrospectively in financial years ended March 31, 2018, March 31, 2017 and 2016 to reflect the same accounting treatment as per accounting policies for 3months ended June 30, 2018 and for the changes in accounting policies retrospectively in financial 15months period ended September 30, 2014 to reflect the same accounting treatment as per accounting policies for the 6months period ended March 31, 2015;
 - II. have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;
 - III. do not contain any extra-ordinary items that need to be disclosed separately in the Restated Financial Statements and do not contain any qualification requiring adjustments;
 - IV. does contain exceptional items that need to be disclosed separately as stated below:

i. Restated exceptional items as per Profit and Loss as per Ind-AS

Rs in lakhs

SL#	Particulars	FY 2017-2018	FY 2016-2017	FY 2015-2016
1	Depletion in value of inventory	(95.35)	(67.56)	(126.93)
2	Debit balances written off	(0.89)		(0.93)
3	Amounts written back		31.66	96.49
4	Profit on sale of Fixed assets	14.83		59.12
	TOTAL (Expense)/Income	(81.41)	(35.90)	27.75

ii. Restated exceptional items as per Profit and Loss as per IGAAP

Rs in lakhs

SL#	Particulars	6 Months ended 31.03.2015	15 Months ended 30.09.2014
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1	Depletion in value of inventory	(2,637.91)	
2	Debit balances written off	(692.16)	
3	Waiver of Principal of Bank loans & Others	3,625.17	
4	Amounts Written Back		15.55
5	Actuarial Gain on Gratuity		107.77
	TOTAL (Expense)/Income	295.10	123.32

- V. does contain the following qualifications to the auditor's report and the explanation by the management as per the director's report.

As per audit report dt.28.11.2014 (For 15 months ended 30th September 2014)

SL#	Basis for Qualified Opinion As per audit report dt. 28.11.2014	Explanation by the Board As per Directors' report dt. 28.11.2014
1	Reference is invited to Note 15 of the financial statements; the company's Noncurrent assets consist of long term trade receivables of Rs. 2,159.65 lakhs. We are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are subsequently determined to be doubtful of recovery. Had the company provided provision for the same, the loss for the period would have been higher by Rs. 2,159.65 lakhs.	Due to the prevailing recessionary trend in the industry in the last 5 to 6 years, coupled with stoppage of operations and unable to supply the materials continuously significant portion of trade receivables remain uncollected. The management is of the opinion that no provision is necessary during the year against the above amount as the company is pursuing the matter. The management is putting efforts in collecting such overdue trade receivables over a period of time and hence no provision has been made.
2	Reference is invited to Note 11 of the financial statements; the company has not provided the interest on term loans and working capital loans for the current accounting period. Accordingly, the loss for the period would have been higher by Rs. 650.86 lakhs.	Since the term loans are being taken over and assigned to Nonbanking finance companies, and being entered in to settlement agreements with these companies, the company has not provided the interest on term loans and working capital loans w.e.f. 1 st July 2013.
3	The has not provided the depreciation for the accounting period from 1 st July 2013 to 30 th September 2014 since the assets are not put to use due to the closure of Nellore plant on account of lock out due to labour strike and Vizag plant on account of lay off. Had the company provided provision for the same, the loss for the period would have been higher by Rs. 1,184.38 lakhs.	Due to stoppage of operations of both the plants during the current accounting period on account of the employees at Unit-II have been laid off as per law and Unit-I was locked out due to illegal striking by employees, the depreciation on the assets of Unit-II and Unit-I was not provided as these assets were not put to use.

ii. As per audit report dt. 23.05.2015, (for 6 months ended 31st March 2015)

SL#	Basis for Qualified Opinion As per audit report dt. 23.05.2015	Explanation by the Board As per Directors' report dt. 13.08.2015
1	Reference is invited to Note 15 of the financial statements, the company's noncurrent assets consist of long term trade receivables of Rs. 2,169.80 lakhs. We are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are	The dues are long pending. The company has initiated the appropriate proceedings to recover the said dues and the same are pending. However, the management is also considering the provisioning of the debtors as and when it is deemed necessary.



	subsequently determined to be doubtful of recovery. Had the company provided provision for the same, the loss of the period would have been higher by the said amount.	
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iii. As per audit report dt. 28.05.2016, (FY 15-16)

SL#	Basis for Qualified Opinion As per audit report dt. 28.05.2016	Explanation by the Board As per Directors' report dt. 12.08.2016
1	Reference is invited to note no 14 of the financial statements, the company's noncurrent assets consist of long term trade receivables of Rs. 2,173.82 lakhs and other loans and advance of Rs.177.50 lakhs. We are unable to ascertain whether such balances as at balance sheet date are fully recoverable. Accordingly, we are unable to ascertain the impact, if any, that may arise in case any of these receivables are subsequently determined to be doubtful of recovery. Had the company made a provision for the same, the loss of the period would have been higher by the said amount.	The dues are long pending. The company has initiated proceedings to recover the said dues and the same are pending. However, the management is also considering the provisioning of the debtors as and when it is deemed necessary.

VI. does contain the following remarks/ comments in the Companies (Auditor's Report) Order, 2003 / Companies (Auditor's Report) Order, 2015 / Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India (together referred to as 'CARO') as stated below:

- i. As per the Audit Report dated 28th November 2014 for the period ended September, 2014
 - a. The Inventories have not been physically verified by the management during the year due to closure of the plants.

Since the inventories have not been physically verified by the management during the period, the points relating to reasonableness of physical verification procedures and discrepancies noticed on physical verification are not applicable.
 - b. According to the books and records of the company, the company is not regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Corporate dividend Tax and other Statutory dues with appropriate authorities. According to the information and explanations given to us, there are undisputed amounts payable in respect of such statutory dues which have remained outstanding as at 30th September, 2014 for a period exceeding six months from the date they became payable

Sr No	Nature of undisputed statutory Dues	Amount in Rs.
1	Provident Fund Payable	19,537,038
2	ESI Payable	1,647,386
3	Professional Tax Payable	747,540
4	TDS Payable	5,552,290



5	Service Tax Payable	190,053
6	Excise Duty Payable	5,180,230
7	Provision for tax on distributed profits	1,735,443
	Total	34,589,980

- c. The company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth. Also it has incurred cash loss during the fifteen months period covered by our audit and has incurred cash loss in the immediately preceding accounting year. The details of the same were provided in Note no 6 of the financial statements.
- d. In our opinion and according to the information and explanations given to us, the Company has defaulted in repayment of its dues to banks and financial institutions. However, at the end of the accounting period, all the existing dues of the banks and financial institutions except United Bank have been taken over by Pinky Ventures Pvt Ltd and Edelweiss Asset Reconstruction Company. The details of the same were provided in Note no 6 of the financial statements.
- ii. As per the Audit Report dated 23rd May 2015 for the period ended March, 2015
- a. The Inventories have not been physically verified by the management during the year due to closure of the plants.
- Since the inventories have not been physically verified by the management during the period, the points relating to reasonableness of physical verification procedures are not applicable.
- The company has maintained proper records of inventories and the discrepancies noticed on physical verification of inventories as compared to book records were not normal.
- b. According to the information and explanations given to us and on the basis of our examination of the records of the company, amounts deducted/accrued in the book of account in respect of undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Value added tax, cess and other material statutory dues have been regularly deposited during the year by the company with the appropriate authorities.
- According to the information and explanations given to us, there are no undisputed amounts payable in respect of Provident Fund, Income Tax, Wealth Tax, Service Tax, Sales Tax, Duty of Customs, Excise Duty, Value added tax and other material statutory as at March 31, 2015 for a period of more than six months from the date they became payable except ESI for Rs. 75,587/-.
- c. The company's accumulated losses at the end of the financial year are more than fifty per cent of its net worth. Also it has incurred cash loss during the 6 months period covered by our audit and has incurred cash loss in the immediately preceding accounting period.
7. We have also examined the following restated other financial information of the Company set out in the following Annexures to Restated Financial Statements as per Ind AS, proposed to be included in the Offer Documents, prepared by the management and approved by the Board of Directors of the Company at their meeting held on September 10, 2018 for 3months ended June 30, 2018, for the year ended March 31, 2018, 2017 and 2016.



- a. Restated Statement of Property, Plant and Equipment included in Note 3 of Annexure V;
 - b. Restated Statement of Capital Work-in-progress included in Note 3 of Annexure V;
 - c. Restated Statement of Intangible Assets included in Note 4 of Annexure V;
 - d. Restated Statement of Financial Assets included in Note 5 of Annexure V; Restated Statement of Other Non-Current Assets included in Note 6 of Annexure V;
 - e. Restated Statement of Inventories included in Note 7 of Annexure V;
 - f. Restated Statement of Trade Receivables included in Note 8 of Annexure V;
 - g. Restated Statement of Cash and Cash Equivalents included in Note 9 of Annexure V;
 - h. Restated Statement of Other Financial Assets included in Note 5 of Annexure V;
 - i. Restated Statement of Other Current Assets included in Note 10 of Annexure V;
 - j. Restated Statement of Equity Share Capital included in Note 11 of Annexure V;
 - k. Restated Statement of Other Equity included in Note 12 of Annexure V;
 - l. Restated Statement of Long Term Borrowings included in Note 13 of Annexure V;
 - m. Restated Statement of Long Term Provisions included in Note 14 of Annexure V;
 - n. Restated Statement of Other Non-Current Liabilities included in Note 15 of Annexure V;
 - o. Restated Statement of Trade Payables included in Note 16 of Annexure V;
 - p. Restated Statement of Other Current Liabilities included in Note 17 of Annexure V;
 - q. Restated Statement of Provisions included in Note 14 of Annexure V;
 - r. Restated Statement of Revenue from Operations included in Note 18 of Annexure V;
 - s. Restated Statement of Other Operating income included in Note 19 of Annexure V;
 - t. Restated Statement of Other Income included in Note 20 of Annexure V;
 - u. Restated Statement of Cost of material consumed included in Note 21 of Annexure V;
 - v. Restated Statement of Changes in inventories of Finished Goods and Work In Progress included in Note 22 of Annexure V;
 - w. Restated Statement of Employee Benefit Expenses included in Note 23 of Annexure V;
 - x. Restated Statement of Finance Cost included in Note 24 of Annexure V;
 - y. Restated Statement of Depreciation and Amortization Expenses included in Note 3&4 of Annexure V;
 - z. Restated Statement of Other Manufacturing Expenses included in Note 25 of Annexure V;
 - aa. Restated Statement of Other Expenses included in Note 26 of Annexure V;
 - bb. Restated Statement of Other notes from Note 27 to Note 36 forming part of financial statements –Annexure V;
 - cc. Statement of Tax Shelter – Annexure VI;
 - dd. Material Adjustments to Restated Financial Statements – Annexure VII;
 - ee. Restated Statement of Accounting Ratios Annexure VIII;
 - ff. Restated Statement of Capitalization – Annexure IX
8. We have also examined the following Restated Financial Statements as per previous GAAP of the Company set out in the following Annexures, proposed to be included in the Offer Documents, prepared by the management and approved by the Board of Directors of the Company at their meeting held on September 10, 2018 for 6 Months ended March 31, 2015 and 15 Months ended September 30, 2014.
- a. Restated Statement of Share Capital included in Note 4 of Annexure IV;
 - b. Restated Statement of Reserves and Surplus included in Note 5 of Annexure IV;
 - c. Restated Statement of Long Term Borrowings included in Note 6 of Annexure IV;
 - d. Restated Statement of Long Term Provisions included in Note 8 of Annexure IV;
 - e. Restated Statement of Short Term Borrowings included in Note 9 of Annexure IV;
 - f. Restated Statement of Trade Payables included in Note 10 of Annexure IV;
 - g. Restated Statement of Other Current Liabilities included in Note 11 of Annexure IV;
 - h. Restated Statement of Short Term Provisions included in Note 12 of Annexure IV;



- i. Restated Statement of Tangible Assets included in Note 13A of Annexure IV;
- j. Restated Statement of Intangible Assets included in Note 13B of Annexure IV;
- k. Restated Statement of Deferred Tax asset (Net) included in Note 7 of Annexure IV;
- l. Restated Statement of Long Term Loans and Advances included in Note 14 of Annexure IV;
- m. Restated Statement of Other Non-Current Assets included in Note 15 of Annexure IV;
- n. Restated Statement of Inventories included in Note 16 of Annexure IV;
- o. Restated Statement of Trade Receivables included in Note 17 of Annexure IV;
- p. Restated Statement of Cash and Cash equivalents included in Note 18 of Annexure IV;
- q. Restated Statement of Short term loans and advances included in Note 19 of Annexure IV;
- r. Restated Statement of Other Income included in Note 20 of Annexure IV;
- s. Restated Statement of Cost of material consumed included in Note 21 of Annexure IV;
- t. Restated Statement of Changes in inventories of finished goods and work in process included in Note 22 of Annexure IV;
- u. Restated Statement of Employee Benefit Expenses included in Note 23 of Annexure IV;
- v. Restated Statement of Finance Cost included in Note 24 of Annexure IV;
- w. Restated Statement of Other Expenses included in Note 25 of Annexure IV;
- x. Restated Statement of Depreciation included in Note 13A of Annexure IV;
- y. Restated Statement of Other notes from Note 26 to Note 37 forming part of financial statements -Annexure IV;
- z. Statement of Tax Shelter – Annexure V;
- aa. Material Adjustments to Restated Financial Statements – Annexure VI;
- bb. Restated Statement of Accounting Ratios – Annexure VII;

Opinion

According to the information and explanations given to us, in our opinion, the Restated Financial Statements for 3months ended June 30, 2018, for the financial years ended March 31, 2018, 2017 and 2016 and the Restated other financial information contained in Annexures I to IX accompanying this report, read with Summary of Significant Accounting Policies disclosed in Note 1 & 2 of Annexure V, are prepared after making adjustments and regroupings/reclassifications as considered appropriate (Refer Annexure VII) and have been prepared in accordance with the Act, the ICDR Regulations. The Restated Financial Statements for 6Months ended March 31, 2015 and 15Months ended September 30, 2014 and the Restated other Financial Information contained in Annexures I to VII accompanying this report, read with summary of significant accounting policies disclosed in Note 1, 2 & 3 of Annexure-IV, are prepared after making adjustments and regroupings/reclassifications as considered appropriate (Refer Annexure-VI) and have been prepared in accordance with the Act; and the ICDR Regulations.

9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
10. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.



12. Our report is intended solely for use of the management for inclusion in the Offer Document to be filed with Securities and Exchange Board of India, and the concerned Stock Exchanges. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For Pavuluri & Co.
Chartered Accountants
Firm's Registration No: 012194S

CA N.Rajesh
Partner
Membership Number: 223169
Place: Visakhapatnam
Date: September 10, 2018



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

(Rs. in lakhs)

Particulars	Note No. of Annexure V	30/06/2018	31/03/2018	31/03/2017	31/03/2016
ASSETS					
1.Non -Current Assets					
Property, Plant and Equipment	3	9,790.70	9,892.99	9,857.34	9,181.17
Capital Work in Progress	3	220.97	218.94	350.31	1,054.19
Other Intangible Assets	4	343.50	338.57	359.88	128.94
Financial Assets	5	112.84	109.90	65.44	54.90
Other Non-Current Assets	6	328.50	303.33	277.38	305.23
Total Non -Current Assets		10,796.51	10,863.73	10,910.35	10,724.43
2.Current Assets					
a)Inventories	7	780.54	1,172.84	545.49	563.56
b)Financial Assets					
i)Trade Receivables	8	16.89	32.48	158.83	2.78
ii)Cash and Cash Equivalents	9	9.96	41.85	11.71	26.81
iii)Other Financial Assets	5	26.05	33.52	174.79	18.46
c) Other Current Assets	10	344.00	443.18	410.06	310.86
Total Current Assets		1,177.44	1,723.87	1,300.88	922.47
Total Assets		11,973.95	12,587.60	12,211.22	11,646.90
EQUITY AND LIABILITIES					
1. Equity					
a) Equity Share Capital	11	1,374.43	1,374.43	1,374.43	1,306.43
b)Money received against Share warrants		-	-	-	367.20
c) Other Equity	12	(3,711.54)	(3,152.35)	(1,328.33)	(350.30)
Total Equity		(2,337.11)	(1,777.92)	46.10	1,323.33
Liability					
1. Non-Current Liabilities					
a) Financial Liabilities					
(i) Long Term Borrowings	13	5,191.81	5,166.17	4,278.74	2,530.96
b) Provisions	14	356.55	351.95	360.69	313.15
c) Other Non-Current Liabilities	15	4,344.00	4,333.05	4,327.27	4,500.00
Total Non-Current Liabilities		9,892.36	9,851.17	8,966.70	7,344.11
2. Current Liabilities					
a) Financial Liabilities					
(i) Trade Payables	16	1,653.78	1,776.00	1,099.30	1,236.65
b) Other Current Liabilities	17	2,615.69	2,596.52	1,985.55	1,646.02
c) Provisions	14	149.23	141.83	113.58	96.79
Total Current Liabilities		4,418.70	4,514.35	3,198.42	2,979.46
Total Equity and Liabilities		11,973.95	12,587.60	12,211.22	11,646.90
Notes forming part of financial statements	1-36				



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

(Rs. in lakhs)

Particulars	Note No. of Annex. V	30/06/2018	31/03/2018	31/03/2017	31/03/2016
I. Revenue from Operations	18	654.74	2,538.24	197.02	17.79
II. Other Operating Income	19	239.93	839.67	156.00	123.17
III. Other Income	20	3.00	20.61	13.51	105.40
III. Total Revenue (I+II)		897.67	3,398.52	366.53	246.36
IV. Expenses					
Cost of Materials Consumed	21	114.28	1,712.36	133.99	177.26
Changes in Inventories of Finished Goods & Work-In-Progress	22	339.21	(441.83)	(41.68)	(162.69)
Employee Benefit Expenses	23	347.42	1,216.61	650.99	633.47
Finance Costs	24	142.40	516.52	348.85	73.88
Depreciation and Amortisation Expense	3&4	107.37	414.97	423.37	448.62
Other Manufacturing Expenses	25	304.49	1,320.56	176.80	449.13
Other Expenses	26	77.90	335.95	268.79	314.87
Total Expenses		1,433.07	5,075.14	1,961.11	1,934.54
V. Restated Net Profit/ (Loss) before exceptional and extraordinary items and tax (III - IV)		(535.40)	(1,676.62)	(1,594.58)	(1,688.18)
VI. Exceptional items					
-Depletion in value of Inventory		-	(95.35)	(67.56)	(126.93)
-Debit balances written off		-	(0.89)	-	(0.93)
-Amounts Written Back		-	-	31.66	96.49
-Profit on Sale of Fixed Assets		-	14.83	-	59.12
VII. Restated Net Profit / (Loss) before extraordinary items and tax (V - VI)		(535.40)	(1,758.03)	(1,630.48)	(1,660.43)
VIII. Extraordinary items		-	-	-	-
IX. Restated Net Profit / (Loss)before tax (VII-VIII)		(535.40)	(1,758.03)	(1,630.48)	(1,660.43)
X. Tax expense:					
-Current Tax		-	-	-	-
-Deferred tax		-	-	-	-
XI. Restated Profit (Loss) for the period from continuing operations (IX-X)		(535.40)	(1,758.03)	(1,630.48)	(1,660.43)
XII. Other Comprehensive Income					
A (i) Items that will not be reclassified to profit or loss		2.80	43.88	(25.96)	(3.57)
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-	-	-
B (i) Items that will be reclassified to profit or loss		(26.59)	(109.88)	379.21	-
(ii) Income tax relating to Items that will be reclassified to profit or loss		-	-	-	-
Other comprehensive income for the year		(23.79)	(66.00)	353.25	-3.57
XIII. Total Comprehensive Income for the period (XI+XII) (comprising Profit/(Loss) & other comprehensive Income for the period)		(559.19)	(1,824.03)	(1,277.23)	(1,664.00)
XIV. Earning per Equity Share (For Continuing Operations)					
1) Basic		(4.07)	(13.27)	(9.29)	(12.74)
2) Diluted		(4.07)	(13.27)	(9.37)	(13.50)
Notes forming part of financial statements	1-36				



ANNEXURE - III

RESTATED STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital (Refer Note-11)

(Rs. in lakhs)

Particulars	As at 30-06-2018	As at 31-03-2018	As at 31-03-2017	As at 31-03-2016
Balance at the beginning of the year	1,374.43	1,374.43	1,306.43	951.43
Changes in Equity Share Capital	-	-	68.00	355.00
Balance as at the end of the year	1,374.43	1,374.43	1,374.43	1,306.43



KREBS BIOCHEMICALS & INDUSTRIES LIMITED

B. Other Equity (Refer Note-12)

(Rs. in lakhs)

Particulars	Reserves & Surplus									Other Reserves				Total Other Equity
	Equity Component of Compound Financial Instruments	Share Application Money pending Allotment	Money Received against Share Warrants	Securities Premium Reserve	Retained Earnings	State Subsidy	IND AS Conversion Reserves	Debenture Redemption Reserve	Share Options Outstanding Amount	FVOCI - Equity Instruments	Cash Flow Hedging Reserves	Costs of hedging Reserves	Foreign Currency Translation Reserve	
Balance as at 01.04.2015	-	1,917.00	367.20	4,000.17	(5,393.54)	39.38	1,105.70	-	-	-	-	-	-	2,035.90
Profit for the year	-	-	-	-	(1,660.43)	-	-	-	-	-	-	-	-	(1,660.43)
Other Comprehensive Income	-	-	-	-	(3.57)	-	-	-	-	-	-	-	-	(3.57)
Total Comprehensive Income for the year	-	1,917.00	367.20	4,000.17	(7,057.54)	39.38	1,105.70	-	-	-	-	-	-	371.90
Issue of Equity Shares	-	(1,917.00)	-	1,562.00	-	-	-	-	-	-	-	-	-	(355.00)
Balance as at 31.03.2016	-	-	367.20	5,562.17	(7,057.54)	39.38	1,105.70	-	-	-	-	-	-	16.90
Balance as at 01.04.2016	-	-	367.20	5,562.17	(7,057.54)	39.38	1,105.70	-	-	-	-	-	-	16.90
Profit for the year	-	-	-	-	(1,630.48)	-	-	-	-	-	-	-	-	(1,630.48)
Other Comprehensive Income	-	-	-	-	353.25	-	-	-	-	-	-	-	-	353.25
Total Comprehensive Income for the year	-	-	367.20	5,562.17	(8,334.78)	39.38	1,105.70	-	-	-	-	-	-	(1,260.33)
Issue of Equity Shares	-	-	(367.20)	299.20	-	-	-	-	-	-	-	-	-	(68.00)
Balance as at 31.03.2017	-	-	-	5,861.37	(8,334.78)	39.38	1,105.70	-	-	-	-	-	-	(1,328.33)
Balance as at 01.04.2017	-	-	-	5,861.37	(8,334.78)	39.38	1,105.70	-	-	-	-	-	-	(1,328.33)
Profit for the year	-	-	-	-	(1,758.03)	-	-	-	-	-	-	-	-	(1,758.03)
Other Comprehensive Income	-	-	-	-	(66.00)	-	-	-	-	-	-	-	-	(66.00)
Total Comprehensive Income for the year	-	-	-	5,861.37	(10,158.80)	39.38	1,105.70	-	-	-	-	-	-	(3,152.35)
Balance as at 31.03.2018	-	-	-	5,861.37	(10,158.80)	39.38	1,105.70	-	-	-	-	-	-	(3,152.35)
Balance as at 01.04.2018	-	-	-	5,861.37	(10,158.80)	39.38	1,105.70	-	-	-	-	-	-	(3,152.35)
Profit for the 3 Months ended 30.06.2018	-	-	-	-	(535.39)	-	-	-	-	-	-	-	-	(535.39)
Other Comprehensive Income	-	-	-	-	(23.79)	-	-	-	-	-	-	-	-	(23.79)
Total Comprehensive Income for the year	-	-	-	5,861.37	(10,717.98)	39.38	1,105.70	-	-	-	-	-	-	(3,711.54)
Balance as at 30.06.2018	-	-	-	5,861.37	(10,717.98)	39.38	1,105.70	-	-	-	-	-	-	(3,711.54)



ANNEXURE - IV

RESTATED CASH FLOW STATEMENT

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Cash Flow from operating activities				
Net Profit Before Tax and exceptional items	(535.40)	(1,676.62)	(1,594.58)	(1,688.18)
Adjustments for:				
Depreciation and Amortisation	107.37	414.97	423.37	448.62
Financial Charges	142.40	516.52	348.85	73.88
Exceptional Items	-	(81.41)	(35.90)	27.75
Other Income	(3.00)	(20.61)	(13.51)	(105.40)
Other Comprehensive Income	(23.79)	(66.00)	353.25	(3.57)
Operating Profit Before Working Capital Changes	(312.42)	(913.15)	(518.52)	(1,246.90)
Changes in Working Capital				
(Increase)/ Decrease in Inventories	392.30	(627.35)	18.07	(18.25)
(Increase)/ Decrease in Trade Receivables	15.59	126.35	(156.05)	30.47
(Increase)/ Decrease in Financial Assets	(2.94)	(44.46)	(10.54)	(1.67)
(Increase)/ Decrease in Other Financial Assets	7.47	141.27	(156.33)	23.98
(Increase)/ Decrease in Other Current Assets	99.19	(33.12)	(99.20)	(97.29)
(Increase)/ Decrease in Other Non-Current Assets	(25.16)	(25.95)	27.85	(79.95)
Increase/ (Decrease) in Trade Payables	(122.22)	676.71	(137.36)	(417.62)
Increase/ (Decrease) in Other Current Liabilities	19.17	610.97	339.53	377.23
Increase/ (Decrease) in Non-Current Provisions	4.60	(8.74)	47.55	37.07
Increase/ (Decrease) in Current Provisions	7.41	28.25	16.79	39.77
Cash Flow Generated from Operations	395.40	843.92	(109.69)	(106.26)
Financial Charges	(142.40)	(516.52)	(348.85)	(73.88)
Direct Tax Paid	-	-	-	-
Net Cash Flow from Operating Activities (A)	(59.42)	(585.75)	(977.06)	(1,427.04)
(Increase)/Decrease of Property, Plant and Equipment	-	(430.49)	(1,099.54)	211.38
(Increase)/Decrease of Capital Work-in-Progress	(2.04)	131.37	703.88	(1,054.19)
(Increase)/Decrease of Intangible Assets	(10.04)	1.19	(230.94)	238.06
Other Income	3.00	20.61	13.51	105.40
Net Cash Flow from Investing Activities (B)	(9.08)	(277.32)	(613.09)	(499.35)
Proceeds from Long Term Borrowing	25.64	887.43	1,747.78	766.25
Increase/ (Decrease) in Share Capital	-	-	68.00	355.00
Increase/ (Decrease) in Share Application Money	-	-	299.20	-1,917.00
Increase/ (Decrease) in Share Warrants	-	-	(367.20)	-
Increase/ (Decrease) in Share Premium	-	-	-	1,562.00
Increase/ (Decrease) in Other Non-Current Liabilities	10.96	5.78	(172.73)	556.00
Net Cash Flow from Financing Activities (C)	36.60	893.21	1,575.05	1,322.25
Net Increase/ (Decrease) in Cash and Cash Equivalents (A+B+C)	(31.89)	30.14	(15.10)	(604.14)
Cash & Cash equivalent at the beginning of the year	41.85	11.71	26.81	630.95
Cash & Cash Equivalent at the end of the year	9.96	41.85	11.71	26.81



ANNEXURE - V

Significant Accounting Policies to the Restated Financial Statements for 3 Months ended 30.06.2018 and Financial year March 31, 2018, 2017 and 2016 in compliance with Ind-AS

1. Corporate information

Krebs Biochemicals & Industries Ltd has been incorporated on 2nd December 1991. At present the company is engaged in the business of manufacture of active pharmaceutical ingredients. The company has two manufacturing facilities one at Regadichelika, Nellore (Dist.) and another one at Kothapalli Village, Kasimkota Mandal, Vishakapatnam (Dist.), Andhra Pradesh, India.

Purpose of the Financial Statement

The Restated Financial Statement comprising of Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of changes in Equity, Cash Flow Statement and a summary of significant accounting policies and other explanatory notes (herein after referred as Financial Statement) have been prepared by the management in connection with the proposed issue of Shares on Rights basis (Rights issue) to the shareholders of the Company, to be filed by the Company with the Securities and Exchange Board of India, and the concerned Stock Exchanges in accordance with the requirements of:

- (a) Section 26 read with applicable provisions as provided therein and Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013;
- (b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended to date in pursuance of provisions of Securities and Exchange Board of India Act, 1992 read along with SEBI circular No. SEBI/ HO/ CFD/ DIL/ CIR/ P/ 2016/ 47 dated March 31, 2016 (together referred to as the "SEBI regulations"); and
- (c) Guidance Note on reports in Company prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India.

This restated financial statement is therefore may not be suitable for any purpose other than stated above.

The Restated Financial Information for the 3 Months ended June 30, 2018 and years ended March 31, 2018, March 31, 2017 and March 31, 2016 were authorised and approved for issue by the Rights Issue Committee authorised by the Board of Directors at committees meeting held on September 10, 2018.

Significant accounting policies

2. Basis of accounting and preparation of restated financial statements

The restated financial statements have been prepared under the historical cost convention with the exception of certain assets and liabilities that are required to be carried at fair values by Indian Accounting Standards (Ind AS).



For all the periods up to and including the year ended March 31, 2016, the Company prepared its audited financial statement in accordance with standards notified under Section 133 of the Companies Act, 2013 ('the Act'), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The Ind AS financial statements as at and for the year ended March 31, 2016 have been prepared by making Ind AS adjustments to the audited financial statements of the Company as at and for the year ended March 31, 2016, prepared in accordance with the accounting standards notified under the section 133 of the Act, ("Previous GAAP") which was approved by the Board of directors at their meeting held on May 28, 2016.

The Company has adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2016, with transition date of April 1, 2015. The financial statements of the Company have been prepared to comply with the Indian Accounting Standards (IND AS) notified under Section 133 of the Companies Act, 2013 (Companies Indian Accounting Standard Rules, 2015) and other relevant provisions of the Act.

In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented an explanation of how the transition to Ind AS (Refer Note 36).

These restated statements and other financial information have been prepared, in accordance with Indian Accounting Standards (Ind AS) after incorporating adjustments for the material amounts in the respective years to which they relate.

The significant accounting policies applied by the Company in the preparation of its restated financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these restated financial statements.

Going Concern

Management makes an assessment of an entity's ability to continue as a going concern, while preparing these financial statements. Financial statements are prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, those uncertainties are disclosed.

Functional and presentation currency

Items included in the Restated Financial Information of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Restated Financial Information is presented in Indian Rupees (INR), which is the Company functional and presentation currency. All amounts have been rounded off to the nearest thousand.

2.1 Historical Cost Convention

The restated financial statements have been prepared on the historical cost basis, except for Certain financial assets and liabilities that is measured at fair value.

Use of Estimates

The preparation of restated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates, judgements and assumptions effect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the financial statements.

2.2 Current and non-current Classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is expected to be realised within twelve months after the reporting period, or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle or
- It is held primarily for the purpose of trading or
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

2.3 Inventories

- a) Raw Materials, Work-In-Progress and Finished Goods are valued at lower of the cost or net realisable value. Cost of raw materials comprises cost of purchase. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.
- b) Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.
- c) The basis of determining the cost is

Raw Materials	:	Weighted average cost
Stores and spares	:	Weighted average cost
Work in process and finished goods	:	Material cost plus appropriate share of labour and related overheads

2.4 Property plant and equipment:



All other items of Property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

On transition to IND AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 01.04.2015 measured as per previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment except free hold Land which was revalued as per Ind-As as on 01.04.2015.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method at the rates specified in Schedule-II to the companies Act, 2013. Estimated useful life of the assets adopted by the company is as per Schedule-II of the companies Act,2013 and are as follows:

Factory Buildings	30 years	Factory Equipment	20 years
Non Factory Buildings	60 years	Lab Equipment	20 years
Plant & Machinery - Pharma Division	20 years	R & D equipment	20 years
Plant & Machinery - Power Plant	40 years	Office Equipment	5 years
Boilers	20 years	Furniture & Fixtures	10 years
Electrical Installations	20 years	Vehicles	8 years
D G Sets	20 years	Computers	3 years
Effluent Treatment Plant	20 years		

Gains or losses arising from de-recognition of a property, plant and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.5 Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest, net of recoverable taxes, trade discount and rebates.

2.6 Intangible fixed assets

Product development expenses that are directly attributable to development and testing of new products are recognised as intangible assets when the expenditure attributable to the product during its development can be reliably measured. Such cost includes purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.



On transition to IND AS, the group has elected to continue with the carrying value of intangible assets recognised as at 01.04.2015 measured as per IND AS and use that carrying amount as the deemed cost of intangible assets.

Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

2.7 Interest Free Sales Tax Loan:

The sales tax collected on domestic sales of Company's products is treated as interest free sales tax loan from the AP State Government in accordance with the State Government incentive scheme. The amount credited to the loan account is based on the amounts collected as sales tax.

On transition of Ind-As the liability is measured at its fair value considering the discounting rate as 8% and is shown at its fair value in statement of assets and liabilities and the gain/(loss) is accounted as Other Comprehensive Income.

2.8 Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Amounts disclosed as revenue are net of GST with effect from 1st July, 2017, returns, trade allowances and rebates. Revenue from operations for the prior to GST included excise duty, Service Tax, CST/VAT which is now subsumed in the GST. Revenue from operations till the implementation of GST includes excise duty, Service Tax and CST/VAT. Hence, reported revenue for the period upto 30th June, 2017 are not comparable with those thereafter.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. This coincides with the passing of possession to the buyer.

2.9 Foreign Exchange Transaction:

All the Foreign Exchange transactions entered into during the current financial year are accounted at the exchange rate prevailing on the date of documentation/invoicing. Foreign Exchange Fluctuation on transactions entered into during the current financial year and received/paid during the year are accounted in the current financial year. The outstanding foreign currency debtors are restated at the Foreign Currency Rates prevailing at the end of the year and the Foreign Exchange Fluctuation on the same is also recognised at the end of the year in conformity with Indian Accounting Standards and foreign currency debtors which are doubtful at the end of the year are not restated at the foreign currency rates prevailing at the end of the year.

2.10 Expenditure

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

2.11 Employee Benefits:



Contribution to “Defined Contribution Schemes” such as Provident Fund is charged to the profit and loss account as incurred. Provident Fund contribution is made to the Government Administered Provident Fund. Company has no further obligation beyond this contribution charged in financial statement.

Company also provides for Retirement Benefits in the form of Gratuity. Such Benefits are provided for, based on valuation, as at the Balance Sheet date, made by independent actuaries.

Short term employee benefits including leave are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related services are rendered.

2.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

2.13 Financial Assets & financial liabilities

Initial recognition and measurement

All financial assets and liabilities are recognised initially at fair value.

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset is treated as cost of acquisition. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

2.14 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the

period.

For the purpose of calculating diluted earning per share, the net profit for the year attributable to equity shareholders and the weighted average number of Equity Shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.15 Taxes on income

"Current Tax:" The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. "Deferred Tax : "Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively. For items recognised in OCI or equity, deferred/ current tax is also recognised in OCI or equity. "MAT Credit" Minimum Alternate Tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is reasonable certainty that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The MAT credit to the extent there is reasonable certainty that the Company will utilise the credit is recognised in the Statement of Profit and Loss and corresponding debit is done to the Deferred Tax Asset as unused tax credit."

2.16 Impairment of assets

Assets subject to amortization/ depreciation are tested for impairment provided that an event or change in circumstances indicates that their carrying amount might not be recoverable. An impairment loss is recognized in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher between an asset's fair value less sale costs and value in use. For the purposes of assessing impairment, assets are grouped together at the lowest level for which there are separately identifiable cash flows (cash-generating units). Nonfinancial assets other than goodwill for which impairment losses have been recognized are tested at each balance sheet date in the event that the loss has reversed.

2.17 Provisions and contingencies



A provision is recognised when the Company has a present obligation as a result of past events and 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 (excluding retirement benefits) are not discounted to their present value and are determined based on the 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 disclosed in the Notes.

2.18 R & D Expenditure

Revenue expenditure on research and development is charged to Statement of Profit and Loss in the year in which it is incurred. Capital expenditure on research and development is considered as an addition to property, plant & equipment/ intangible assets.

2.19 Dividends

Provision shall be made in the accounts for the dividends payable by the company as and when recommended by the Board of Directors, pending approval of the shareholders at the Annual General Meeting.

2.20 Changes in Accounting Policies in the Periods / Years Covered in the Restated Financials

The financial statements including financial information have been reworked, regrouped, and reclassified wherever considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in financial statements/ information may not be necessarily same as those appearing in the respective audited financial statements for the relevant period/years.



KREBS BIOCHEMICALS & INDUSTRIES LIMITED

Note 3 : Restated Statement of Property, Plant & Equipment as at 31st March 2016

(Rs. in lakhs)

Particulars	Land	Wells	Building		Plant & Machinery		Boilers	Electrical Installation	DG Set	Effluent Treatment Plant
			Factory	Non-factory	Pharma Division	Power Plant				
Year Ended 31.03.2016										
Gross Carrying Amount										
Deemed Cost as on 01.04.2015	4,899.02	23.38	1,827.64	132.05	10,609.38	1,204.36	97.47	719.51	350.93	653.34
Additions	-	0.55	-	-	-	-	-	-	-	-
Disposals	60.52	0.57	167.98	24.28	-	-	-	-	-	-
Closing Gross Carrying Amount	4,838.50	23.36	1,659.66	107.77	10,609.38	1,204.36	97.47	719.51	350.93	653.34
Accumulated Depreciation	-	-	674.16	23.11	7,798.82	892.16	97.47	411.58	344.32	584.30
Depreciation charge for the Year	-	-	53.28	0.92	259.11	9.32	-	63.84	0.63	6.27
Closing Accumulated Depreciation	-	-	727.44	24.03	8,057.93	901.48	97.47	475.42	344.95	590.57
Closing Net Carrying Amount	4,838.50	23.36	932.22	83.74	2,551.45	302.88	-	244.09	5.98	62.77

Particulars	Factory Equipment	Lab Equipment	Research & Dev. Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Computers	Total	Capital Work in Progress
Year Ended 31.03.2016									
Gross Carrying Amount									
Deemed Cost as on 01.04.2015	152.23	375.38	104.15	47.79	50.35	118.16	62.28	21,427.42	-
Additions	-	-	-	1.73	7.88	-	11.05	21.21	1,054.19
Disposals	-	-	-	-	-	-	-	253.35	-
Closing Gross Carrying Amount	152.23	375.38	104.15	49.52	58.23	118.16	73.33	21,195.28	1,054.19
Accumulated Depreciation	129.01	305.13	88.79	35.00	45.25	96.63	60.49	11,586.22	-
Depreciation charge for the Year	3.02	6.32	1.94	11.51	0.80	9.25	1.68	427.89	-
Closing Accumulated Depreciation	132.03	311.45	90.73	46.51	46.05	105.88	62.17	12,014.11	-
Closing Net Carrying Amount	20.20	63.93	13.42	3.01	12.18	12.28	11.16	9,181.17	1,054.19

Note :

On transition to IND AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 01.04.2015 measured as per previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment except free hold Land which was revalued as per Ind-As as on 01.04.2015 for Rs.4,899.02 Lakhs(As per GAAP Rs.155.97 Lakhs)

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method at the rates specified in Schedule-II to the companies Act, 2013. Estimated useful life of the assets adopted by the company is as per Schedule-II of the companies Act,2013.



KREBS BIOCHEMICALS & INDUSTRIES LIMITED

Note 3 : Restated Statement of Property, Plant & Equipment as at 31st March 2017

(Rs. in lakhs)

Particulars	Land	Wells	Building		Plant & Machinery		Boilers	Electrical Installation	DG Set	Effluent Treatment Plant
			Factory	Non-factory	Pharma Division	Power Plant				
Year Ended 31.03.2017										
Gross Carrying Amount										
Deemed Cost as on 01.04.2016	4,838.50	23.36	1,659.66	107.77	10,609.38	1,204.36	97.47	719.51	350.93	653.34
Additions	4.00	0.65	135.93	-	697.73	-	-	36.56	-	16.98
Disposals	-	-	-	-	-	-	-	-	-	-
Closing Gross Carrying Amount	4,842.50	24.01	1,795.59	107.77	11,307.11	1,204.36	97.47	756.07	350.93	670.32
Accumulated Depreciation	-	-	727.44	24.03	8,057.93	901.48	97.47	475.42	344.95	590.57
Depreciation charge for the Year	-	-	63.73	1.78	261.70	9.31	-	49.92	0.63	6.40
Closing Accumulated Depreciation	-	-	791.17	25.81	8,319.63	910.79	97.47	525.34	345.58	596.97
Closing Net Carrying Amount	4,842.50	24.01	1,004.42	81.96	2,987.48	293.57	-	230.73	5.35	73.35

Particulars	Factory Equipment	Lab Equipment	Research & Dev. Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Computers	Total	Capital Work in Progress
Year Ended 31.03.2017									
Gross Carrying Amount									
Deemed Cost as on 01.04.2016	152.23	375.38	104.15	49.52	58.23	118.16	73.33	21,195.28	1,054.19
Additions	73.97	132.31	-	0.60	-	-	0.82	1,099.54	391.66
Disposals	-	-	-	-	-	-	-	-	1,095.54
Closing Gross Carrying Amount	226.20	507.69	104.15	50.12	58.23	118.16	74.15	22,294.82	350.31
Accumulated Depreciation	132.03	311.45	90.73	46.51	46.05	105.88	62.17	12,014.11	-
Depreciation charge for the Year	3.25	8.28	1.94	0.58	1.45	3.88	10.54	423.37	-
Closing Accumulated Depreciation	135.28	319.73	92.67	47.09	47.50	109.76	72.71	12,437.48	-
Closing Net Carrying Amount	90.92	187.96	11.48	3.03	10.73	8.40	1.44	9,857.34	350.31



KREBS BIOCHEMICALS & INDUSTRIES LIMITED

Note 3 : Restated Statement of Property, Plant & Equipment as at 31st March 2018

(Rs. in lakhs)

Particulars	Land	Wells	Building		Plant & Machinery		Boilers	Electrical Installation	DG Set	Effluent Treatment Plant
			Factory	Non-factory	Pharma Division	Power Plant				
Year Ended 31.03.2018										
Gross Carrying Amount										
Deemed Cost as on 01.04.2017	4,842.50	24.01	1,795.59	107.77	11,307.11	1,204.36	97.47	756.07	350.93	670.32
Additions	-	-	99.10	-	252.64	-	-	31.44	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Closing Gross Carrying Amount	4,842.50	24.01	1,894.69	107.77	11,559.75	1,204.36	97.47	787.50	350.93	670.32
Accumulated Depreciation	-	-	791.17	25.81	8,319.63	910.79	97.47	525.34	345.58	596.97
Depreciation charge for the Year	-	-	65.01	1.77	264.22	8.97	-	24.89	0.54	5.89
Closing Accumulated Depreciation	-	-	856.18	27.58	8,583.84	919.76	97.47	550.23	346.11	602.86
Closing Net Carrying Amount	4,842.50	24.01	1,038.52	80.19	2,975.91	284.60	-	237.27	4.82	67.46

Particulars	Factory Equipment	Lab Equipment	Research & Dev. Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Computers	Total	Capital Work in Progress
Year Ended 31.03.2018									
Gross Carrying Amount									
Deemed Cost as on 01.04.2017	226.20	507.69	104.15	50.12	58.23	118.16	74.15	22,294.82	350.31
Additions	22.81	8.01	-	0.28	4.06	-	12.15	430.49	298.75
Disposals	-	-	-	-	-	-	-	-	430.12
Closing Gross Carrying Amount	249.01	515.70	104.15	50.40	62.29	118.16	86.30	22,725.33	218.94
Accumulated Depreciation	135.28	319.73	92.67	47.09	47.50	109.76	72.71	12,437.48	-
Depreciation charge for the Year	6.08	12.11	1.46	0.55	1.33	1.27	0.78	394.86	-
Closing Accumulated Depreciation	141.36	331.84	94.12	47.64	48.82	111.03	73.49	12,832.34	-
Closing Net Carrying Amount	107.66	183.86	10.03	2.76	13.46	7.13	12.81	9,892.99	218.94



KREBS BIOCHEMICALS & INDUSTRIES LIMITED

Note 3 : Restated Statement of Property, Plant & Equipment as at 30th June 2018

(Rs. in lakhs)

Particulars	Land	Wells	Building		Plant & Machinery		Boilers	Electrical Installation	DG Set	Effluent Treatment Plant
			Factory	Non-factory	Pharma Division	Power Plant				
Year Ended 30.06.2018										
Gross Carrying Amount										
Deemed Cost as on 01.04.2018	4,842.50	24.01	1,894.69	107.77	11,559.75	1,204.36	97.47	787.50	350.93	670.32
Additions	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-
Closing Gross Carrying Amount	4,842.50	24.01	1,894.69	107.77	11,559.75	1,204.36	97.47	787.50	350.93	670.32
Accumulated Depreciation	-	-	856.18	27.58	8,583.84	919.76	97.47	550.23	346.11	602.86
Depreciation charge for the Year	-	-	16.52	0.44	67.50	2.24	-	6.41	0.14	1.48
Closing Accumulated Depreciation	-	-	872.70	28.02	8,651.34	922.00	97.47	556.64	346.25	604.34
Closing Net Carrying Amount	4,842.50	24.01	1,022.00	79.75	2,908.41	282.36	-	230.86	4.68	65.98

Particulars	Factory Equipment	Lab Equipment	Research & Dev. Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Computers	Total	Capital Work in Progress
Year Ended 30.06.2018									
Gross Carrying Amount									
Deemed Cost as on 01.04.2018	249.01	515.70	104.15	50.40	62.29	118.16	86.30	22,725.33	218.94
Additions								-	2.04
Disposals								-	
Closing Gross Carrying Amount	249.01	515.70	104.15	50.40	62.29	118.16	86.30	22,725.32	220.97
Accumulated Depreciation	141.36	331.84	94.12	47.64	48.82	111.03	73.49	12,832.35	-
Depreciation charge for the Year	1.71	3.10	0.36	0.14	0.39	0.32	1.53	102.27	-
Closing Accumulated Depreciation	143.07	334.94	94.49	47.78	49.21	111.34	75.02	12,934.62	-
Closing Net Carrying Amount	105.95	180.76	9.66	2.62	13.07	6.82	11.28	9,790.70	220.97



Note 4 : Restated Statement of Intangible Assets under development as on 31st March 2016

(Rs. in lakhs)

Particulars	As per Ind-AS : Product Development expenses
Year Ended 31.03.2016	
Gross Carrying Amount	
Deemed Cost as on 01.04.2015	367.00
Additions	20.21
Deletions	258.27
Closing Gross Carrying Amount	128.94
Accumulated Amortisation	
Amortisation charge for the Year	-
Closing Accumulated Amortisation	-
Closing Net Carrying Amount	128.94

Note :

On transition to IND AS, the group has elected to continue with the carrying value of intangible assets recognised as at 01.04.2015 measured as per IND AS for Rs.367.00 Lakhs (As per GAAP Rs.746.28 Lakhs) and use that carrying amount as the deemed cost of intangible assets.

Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Note 4 : Restated Statement of Intangible Assets under development as on 31st March 2017

(Rs. in lakhs)

Particulars	As per Ind-AS : Product Development expenses
Year Ended 31.03.2017	
Gross Carrying Amount	
Deemed Cost as on 01.04.2016	128.94
Additions	230.94
Closing Gross Carrying Amount	359.88
Accumulated Amortisation	-
Amortisation charge for the Year	-
Closing Accumulated Amortisation	-
Closing Net Carrying Amount	359.88



Note 4 : Restated Statement of Intangible Assets under development as on 31st March 2018

(Rs. in lakhs)

Particulars	As per Ind-AS : Product Development expenses
Year Ended 31.03.2018	
Gross Carrying Amount	
Deemed Cost as on 01.04.2017	359.88
Additions	20.68
Closing Gross Carrying Amount	380.55
Accumulated Amortisation	-
Amortisation charge for the Year	41.98
Closing Accumulated Amortisation	41.98
Closing Net Carrying Amount	338.57

Note :

- a) Product Development expenses of certain key products amortized for a period of 10 years starting from the FY 2017-18 on prorata basis.
- b) Amortisation expenses of Rs 41.98 lakhs includes Job Work Charges received Rs.21.86 lakhs against trail batches.

Note 4 : Restated Statement of Intangible Assets under development as on 30th June 2018

(Rs. in lakhs)

Particulars	As per Ind-AS : Product Development expenses
Year Ended 30.06.2018	
Gross Carrying Amount	
Deemed Cost as on 01.04.2018	380.55
Additions	10.04
Closing Gross Carrying Amount	390.59
Accumulated Amortisation	41.98
Amortisation charge for the Year	5.10
Closing Accumulated Amortisation	47.08
Closing Net Carrying Amount	343.50

Note :

- a) Additions for the period ended June 30, 2018 of Rs.10.04 lakhs incurred towards development expenses on key products.
- b) Product Development expenses of certain key products amortized for a period of 10 years starting from the FY 2017-18 on prorata basis.



Note 5 : Restated Statement of financial assets

(Rs. in lakhs)

Particulars	30/06/2018		31/03/2018		31/03/2017		31/03/2016	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Advances to Promoter, Promoter Group and Related Parties.	-	-	-	-	-	-	-	-
Others								
Security Deposits	-	109.10		106.16		65.44		54.90
Advance for Materials	16.97	-	25.02		9.70		4.41	
Advances to Employees	1.00	3.74	1.02	3.74	4.39		4.97	
Other advances	8.08	-	3.88		157.14		1.17	
Interest accrued	-	-	3.60		3.56		7.91	
TOTAL	26.05	112.84	33.52	109.90	174.79	65.44	18.46	54.90

Note 6 : Restated Statement of other non-current assets

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Advances to Promoter, Promoter Group and Related Parties.	-	-	-	-
Others				
Capital Advances (Unsecured, Considered Good)	48.77	29.53	32.84	82.23
Advances other than Capital Advances				
TDS Receivable	116.90	110.97	81.71	60.17
Cenvat Deposit Receivable	20.00	20.00	20.00	20.00
Long Term Trade Recievables (Unsecured, Considered Good)	-	-	-	-
Other Advances (Unsecured, Considered Good)	121.33	121.33	121.33	121.33
Balances with Govt Authorities	21.50	21.50	21.50	21.50
TOTAL	328.50	303.33	277.38	305.23

- a) Capital Advances of Rs.896.97 lakhs has been revalued as per Ind-As as on 01.04.2015 at fair value for Rs. 121.33 Lakhs and reclassified the same under other advances.

The above expenditure incurred on NVR Co-Operative Sugar Factory towards the development of factory and cane development expenses etc. has been treated as advance recoverable since the company is claiming the same from Government of Andhra Pradesh / NVR Co-Operative Sugar Factory.

- b) Long Term Trade Receivables of Rs. 2,169.80 Lakhs has been revalued as per Ind-As as on 01.04.2015 at fair value and considered as "ZERO" value.
- c) The recovery of other Advances of Rs. 177.50 Lakhs has been revalued as per Ind-As as on 01.04.2015 at fair value and considered as "ZERO" value.

Note 7 : Restated Statement of Inventories

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Raw Material	401.08	448.07	104.96	110.53
Work-in-Progress	356.20	610.52	279.71	376.96
Finished Goods	21.19	106.31	98.80	17.43
Stores and Spares	2.07	7.94	62.02	58.64
Total	780.54	1,172.84	545.49	563.56



Note 8 : Restated Statement of trade receivables

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
<i>Unsecured, Considered good outstanding for a period more than six months</i>				
Amounts due from Promoter, Directors, Group Companies and Related Parties	-	-	-	-
Others	-	-	-	-
Less: Allowance for Doubtful Debts	-	-	-	-
Total Receivables	-	-	-	-
<i>Unsecured, Considered good outstanding for a period less than six months</i>				
Amounts due from Promoter, Directors, Group Companies and Related Parties	-	16.78		
Others	17.92	15.85	158.83	2.78
Less: Provision for loss allowance	(1.03)	(0.15)		
Total Receivables	16.89	32.48	158.83	2.78
Current Portion	16.89	32.48	158.83	2.78
Non-Current Portion	-	-	-	-

The Company uses a provision matrix as per Ind-AS 109 to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward - looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward- looking estimates are analysed.

Note 9 : Restated Statement of cash and cash equivalents

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Balance with Banks				
In Current Accounts	8.01	39.71	11.18	5.09
In Margin Money Accounts	1.83	1.83		21.50
Deposits with Maturity Less than three months	-	-	-	-
Cash in Hand	0.12	0.31	0.53	0.22
Total Cash & Cash Equivalents	9.96	41.85	11.71	26.81

Disclosure of Specified Bank Notes (SBN)

During the year, the Company had specified bank notes or other denomination note as defend in the MCA notification G.S.R.308(E) dates March 30, 2017 of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016. The denomination wise SBNs and other notes as per the notification is given below

Particulars	SBNs	Other denomination notes	Total
Closing Cash in hand as on 08.11.2016	21,000	37,295	58,295
Add : Permitted Receipts		6,26,355	6,26,355
Less : Permitted Payments		5,64,109	5,64,109
Less : Amount deposited in Banks	21,000	-	21,000
Closing Cash in hand as on 30.12.2016	-	99,541	99,541



Note 10 : Restated Statement of other current assets

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Balances with Govt Authorities	315.66	413.90	395.94	305.83
Prepaid Expenses	28.34	29.28	14.12	5.03
Total	344.00	443.18	410.06	310.86

Note 11 : Restated Statement of Equity Share capital

(all figures in lakhs unless otherwise stated)

Particulars	Number of Shares as on 30.06.2018	Amount as on 30.06.2018	Number of Shares for the year ended 31-03-2018	Amount for the year ended 31-03-2018	Number of Shares for the year ended 31-03-2017	Amount for the year ended 31-03-2017	Number of Shares for the year ended 31-03-2016	Amount for the year ended 31-03-2016
Authorised Share Capital								
Equity Shares of Rs.10/- each with voting rights	200.00	2,000.00	200.00	2,000.00	200.00	2,000.00	200.00	2,000.00
Total	200.00	2,000.00	200.00	2,000.00	200.00	2,000.00	200.00	2,000.00
Issued Subscribed and Paid Up Capital								
Equity Shares of Rs. 10/- each fully paid up	137.44	1,374.43	137.44	1,374.43	137.44	1,374.43	130.64	1,306.43
Total	137.44	1,374.43	137.44	1,374.43	137.44	1,374.43	130.64	1,306.43

Terms/rights attached to equity shares

The company has only one class of equity shares having a face value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share.

The dividends recommended by the Board of Directors, if any are subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the equity shareholders are entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of shares held.



Reconciliation of Shares outstanding at the beginning and at end of the reporting period

(all figures in lakhs unless otherwise stated)

Particulars	Number of Shares as on 30.06.2018	Amount as on 30.06.2018	Number of Shares for the year ended 31-03-2018	Amount for the year ended 31-03-2018	Number of Shares for the year ended 31-03-2017	Amount for the year ended 31-03-2017	Number of Shares for the year ended 31-03-2016	Amount for the year ended 31-03-2016
Equity Shares with voting rights								
Shares outstanding at the beginning of the year	137.44	1374.43	137.44	1374.43	130.64	1306.43	95.14	951.43
Add: Preferential allotment					6.80	68.00	35.50	355.00
Shares outstanding at the end of the year	137.44	1,374.43	137.44	1,374.43	137.44	1,374.43	130.64	1306.43

Notes

- During the year 2015-2016 the company has allotted 23.00 lacs and 6.00 lacs equity shares of Rs.10/- each at a premium of Rs.44/- to Ipca Laboratories Ltd and Pinky Ventures Pvt. Ltd on 23.05.2015. Further, the company has allotted 6.50 lacs equity shares of Rs.10/- each at a premium of Rs.44/- to Mrs. Hemalatha Ravi on 03.10.2015.
- During the year 2015-2016 the company has allotted 6.80 lacs share warrants to Mrs. Hemalatha Ravi on 03.10.2015, each of which is convertible into one equity share of Rs.10/- each at a premium of Rs.44/-. The share warrants are convertible into equity shares within 18 months from the date of allotment.
- During the year 2016-2017 the company has issued 6.80 lacs share warrants to Mrs. Hemalatha Ravi which were converted into one equity share of Rs.10/- each

Note 12 : Restated Statement of other Equity

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Securities Premium Account	5,861.37	5,861.37	5,861.37	5,562.17
State Subsidy	39.38	39.38	39.38	39.38
Retained Earnings	(9,612.29)	(9,053.10)	(7,229.08)	(5,951.85)
Total Reserves & Surplus	(3,711.54)	(3,152.35)	(1,328.33)	(350.30)
a) Securities Premium Reserve				
Opening Balance	5,861.37	5,861.37	5,562.17	4,000.17
Add : Received on preferential Allotment				1,562.00
Add: Received on warrants conversion			299.20	
Closing Balance	5,861.37	5,861.37	5,861.37	5,562.17
b) State Subsidy				
Opening Balance	39.38	39.38	39.38	39.38
Add : Additions during the year				
Closing Balance	39.38	39.38	39.38	39.38
c) Retained Earnings				



Opening Balance	(9,053.10)	(7,229.08)	(5,951.85)	(5,393.54)
Add: Effect of Transition to Ind-As as on 01.04.2015 (Refer note.36)				1,105.70
Add: Net profit for the period	(559.18)	(1,824.03)	(1,277.23)	(1,664.00)
Closing Balance	(9,612.29)	(9,053.10)	(7,229.08)	(5,951.85)

Note 13 : Restated Statement of Financial Liabilities - long term borrowings

(Rs. in lakhs)

Particulars	30/06/2018		31/03/2018		31/03/2017		31/03/2016	
	Current portion	Non-current portion	Current portion	Non-current portion	Current portion	Non-current portion	Current portion	Non-current portion
A) Secured:								
Term Loans from Banks and Financial Institutions								
(i) Edelweiss Asset Reconstruction Company Ltd	355.39	104.24	355.39	188.60	355.39	502.61	400.00	1,000.00
Sub total	355.39	104.24	355.39	188.60	355.39	502.61	400.00	1,000.00
B) Unsecured:								
Term Loans								
Loan from Promoter, Promoter Group, Director and relatives								
(i) From Directors		210.00	-	100.00	-	100.00		100.00
(ii) M/s.Ipca Laboratories Ltd (Inter Corporate Deposit)		4,732.50	-	4,732.50	-	3,496.50		1,140.00
Loan or Deposit from Shareholder			-	-	-	-	-	-
Inter Corporate Loans and advances			-	-	-	-	-	-
Loan from Financial institutions/NBFC			-	-	-	-	-	-
Others								
(i) From Govt of Andhra Pradesh (Interest Free Sales Tax Loan)	94.84	145.07	99.52	145.07	120.61	179.63	125.94	290.96
Sub total	94.84	5,087.57	99.52	4,977.57	120.61	3,776.13	125.94	1,530.96
Total Long term Borrowings	450.23	5,191.81	454.91	5,166.17	476.00	4,278.74	525.94	2,530.96

- a) All the instalments falling due within 12 months from the date of Balance Sheet have been classified as current liabilities, the aggregate of which is shown as 'current maturities of long-term borrowings'.
- b) The secured loan during the accounting period ended 30th September 2014 of Exim Bank is taken over by M/s Edelweiss Asset Reconstruction Co.(EARC) (Non Banking Finance Company) together with all the rights, title and interest, pledges and guarantees in respect of such loans. The company has entered into a settlement agreement with EARC on the following terms:
- ii) Upfront payment of Rs.50 lacs.
 - iii) The promoters to transfer 1.50 lacs equity shares of the company.
 - iv) Rs.16.00 Crores is payable in quarterly instalments of Rs.50 Lakhs each for the first 4 quarters commencing from June 2015 and Rs.100 Lakhs each payable from June 2016 till September 2019.
 - v) Post-dated cheques for the instalments.



- vi) Upon the assignment of financial assistance from Exim Bank to EARC the Land documents were also held by EARC to the extent 20 Acres & 22 Cents of Nellore Plant and to the extent 29 Acres & 18 Cents of Vizag Plant.
- vii) On transition of Ind-AS, Borrowing from EARC is measured at fair value considering the discounting rate of 12%. Fair value of Rs.543.99 lakhs is payable to EARC as on 31.03.2018 and Rs.459.63 lakhs payable as on 30.06.2018.
- viii) Interest on the above measured through fair valuation approach and is accounted through Other Comprehensive Income.
- c) The sales tax collected on domestic sales of Company's products is treated as interest free sales tax loan from the AP State Government in accordance with the State Government incentive scheme. The amount credited to the loan account is based on the amounts collected as sales tax. The repayments terms are payable once in year after completion of every 13th year. The loan will be matured on 31-03-2025.
- On transition of Ind-AS, the interest free sales tax loan is measured at fair value considering the discounting rate of 8%.
- Fair value of Rs.244.59 lakhs is payable as on 31.03.2018 and Rs.239.91 lakhs payable as on 30.06.2018.
- Interest on the above measured through fair valuation approach and is accounted through Other Comprehensive Income.
- d) Ipca Laboratories Ltd, the associate company of Krebs, has given an amount of Rs.4,732.50 lakhs to the company as inter corporate deposit @ interest rate of @11.50%pa

Note 14 : Restated Statement of long term provisions

(Rs. in lakhs)

Particulars	30/06/2018		31/03/2018		31/03/2017		31/03/2016	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Provision for Gratuity	88.86	135.75	88.87	131.15	82.92	140.53	72.20	103.71
Provision for Bonus	42.27	-	34.85	-	30.66	-	24.59	-
Provision for Leave Encashment	18.10	44.23	18.11	44.23	-	43.59	-	32.87
Other Provisions	-	176.57	-	176.57	-	176.57	-	176.57
TOTAL	149.23	356.55	141.83	351.95	113.58	360.69	96.79	313.15

Note 15 : Restated Statement of other non-current liabilities

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Interest Free Lease Deposit	3,687.40	3567.01	3,123.50	4,500.00
Rent Received in Advance	656.60	766.04	1,203.77	
Total Other Non-Current Liabilities	4,344.00	4,333.05	4,327.27	4,500.00

- a) The company has entered into long term lease agreement with M/s IPCA Laboratories Ltd and received interest free refundable lease deposit of Rs.45.00 crores as on 31.03.2016. The following are the terms of lease agreement:
- (i) Lease period is for 5 years starting from 1st July 2015
- (ii) Lease rental is Rs 1.20 crores p.a for Unit - I (Nellore)



- b) In conformity with transition to IND AS, the lease deposit is measured at its NPV considering the discounting rate at 13.50% and remaining amount on re-measurement is classified as rent received in advance.
- c) Rent and Interest on the deposit above measured through fair valuation approach and is accounted through Other Comprehensive Income

Note 16 : Restated Statement of trade payables

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Dues to Micro, Small and Medium Enterprises		-	-	-
<i>Dues other than Micro, Small and Medium Enterprises</i>				
Trade Payables for Materials	1491.23	1,668.06	1,054.03	1,188.07
Trade Payables for Services	162.55	107.94	45.27	48.58
TOTAL	1,653.78	1,776.00	1,099.30	1,236.65
Out of above dues to Promoter, Promoter Group and Related Parties	178.66	178.66	-	-

Note 17 : Restated Statement of other current liabilities

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Current maturities of long term borrowings	450.23	454.91	476.00	525.94
Statutory remittances	180.13	194.07	184.70	74.37
Payables for capital works	295.45	269.81	236.79	242.35
Payables for expenses	1,263.13	1,241.74	842.12	598.73
Salaries Payable	192.47	203.70	172.80	137.98
Audit Fees Payable	13.90	13.90	11.65	9.40
Directors Remuneration Payable	46.07	45.44	43.81	39.04
Advance from Customers	174.31	172.95	17.69	18.21
TOTAL	2,615.69	2,596.52	1,985.55	1,646.02

- a) Payables for expenses includes accumulated Interest payable on ICD received from M/s. Ipca Laboratories Ltd, as at 31st March 2016, as at 31st March 2017, as at 31st March 2018 and as at 30th June 2018.
- b) Advance from Customers includes amount received from M/s. Ipca Laboratories Ltd of Rs. 155.27 Lakhs as at 31st March 2018 and 30th June 2018.

Note 18 : Restated Statement of revenue from operations

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Export Sales	43.54	210.20	38.13	-
Domestic Sales	611.20	2,328.04	158.89	17.79
Total Revenue from Operations	654.74	2,538.24	197.02	17.79

Note 19 : Restated Statement of other operating income

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Lease Rentals	25.42	106.27	120.00	90.00
Job Work Services	206.88	698.77	-	6.17
Fee for Providing Manufacturing Services	7.63	34.63	36.00	27.00
Total Other Operating Income	239.93	839.67	156.00	123.17



Note 20 : Restated Statement of other income

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Sale of Scrap (Including RM Scrap)	3.00	11.94	6.79	94.33
Miscellaneous Income		4.67	-	0.06
Interest Income		4.00	6.72	11.01
Foreign Exchange Gain		-	-	-
Total Other Income	3.00	20.61	13.51	105.40

Note 21 : Restated Statement of cost of materials consumed

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Raw Material at the beginning of the year	448.07	104.96	110.53	221.28
Add: Purchases	73.27	2,071.67	160.89	161.11
Less: Depletion in value of Inventory		(4.52)	(11.17)	(94.60)
Less: Self Consumption	(5.98)	(9.86)	(21.30)	-
Less: Process Loss		(1.82)	-	-
Total	515.36	2,160.43	238.95	287.79
Less : Closing Stock at the end of the year	401.08	448.07	104.96	110.53
Total Cost of Materials Consumed	114.28	1,712.36	133.99	177.26

Note 22 : Restated Statement of changes in inventories of finished goods, work-in-progress

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
a) Work in Progress				
Opening Stock	561.32	279.71	376.96	239.40
Less: Depletion in value of Inventory		(90.83)	(17.16)	(32.33)
Less: Self Consumption		(0.04)	(0.81)	-
Less: Process Loss		(11.78)	-	-
Closing Stock	308.88	561.32	279.71	376.96
Net (Increase) / Decrease	252.44	(384.26)	79.28	(169.89)
b) Job Work Service Under Process				
Opening Services	49.20	-	-	-
Closing Services	47.32	49.20	-	-
Net (Increase) / Decrease	1.88	(49.20)	-	-
c) Finished Goods				
Opening Stock	106.31	98.80	17.43	24.63
Less: Samples	-0.24	(0.86)	(0.36)	-
Less: Depletion in value of Inventory		-	(39.23)	-
Closing Stock	21.19	106.31	98.80	17.43
Net (Increase) / Decrease	84.89	(8.37)	(120.96)	7.20
Total (a+b+c)	339.21	(441.83)	(41.68)	(162.69)

Note 23 : Restated Statement of Employee benefits

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Salary, Wages & Benefits	326.51	1,118.75	578.11	566.07
Staff Welfare Expenses	9.37	45.34	20.37	26.87
Directors Remuneration	11.54	52.52	52.52	40.53
Total Employee Benefits	347.42	1,216.61	650.99	633.47



Note 24 : Restated Statement of details of finance costs

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Interest and Finance Charges on Financial Liabilities not a fair value through P&L	135.69	498.72	250.79	73.17
Other Interest	6.66	17.37	97.75	-
Bank Charges	0.05	0.43	0.31	0.71
Total Finance Costs	142.40	516.52	348.85	73.88

Note 25 : Restated Statement of details of other manufacturing expenses

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Power & Fuel	227.05	861.89	69.54	286.93
Lab Expenditure	19.09	95.67	28.79	22.45
Repairs & Maintenance (incl. Spares & Consumables)	58.20	345.80	77.58	138.37
ETP Maintenance	0.15	3.60	0.89	1.38
Process Loss	-	13.60	-	-
Total Other Manufacturing Expenses	304.49	1,320.56	176.80	449.13

Note 26 : Restated Statement of details of other expenses

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Rent	8.78	30.91	21.11	16.79
Rates & Taxes	3.66	29.09	19.31	98.49
Insurance	5.65	12.58	5.60	3.55
Printing & Stationary	2.32	13.66	6.59	8.58
Communication Expenses	6.00	21.39	15.36	15.70
Consultancy & Legal Expenses	7.82	29.04	42.11	36.77
General Expenses	2.21	25.62	10.44	16.54
Security Service Charges	15.39	58.34	33.01	40.56
Directors Sitting fees	1.05	3.90	4.85	2.40
Auditors Remuneration	0.63	2.50	2.50	2.50
Travelling & Conveyance	17.45	62.84	22.71	30.15
Directors Travelling	1.10	9.22	5.53	6.26
Office Maintenance	3.55	20.44	14.41	8.55
Carriage Outward	1.09	9.08	1.31	0.04
Business Promotion Expenses	0.33	2.27	0.60	-
Provision for loss allowance	0.88	0.15	-	-
Bad debts written off	-	2.05	-	-
Donations	-	-	0.97	1.18
Excise Duty	-	-2.68	27.48	12.00
Service Tax	-	3.91	15.58	11.23
Sales Tax	-	1.64	3.43	3.58
Penalties	-	-	15.89	-
Total Other Expenses	77.90	335.95	268.79	314.87

Note 27 : Restated Statement of contingent liabilities

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
The following contingent liabilities are not provided for.				
(i) Excise Duty and Service Tax: There are various demands raised by the Excise authorities for which the company preferred appeals with higher authorities. Pending disposal of appeals, the company has deposited an amount of Rs 20.00 Lacs based on interim directions.	112.74	112.74	146.99	125.30



(ii) Income Tax: There are various demands raised by the Income Tax authorities for which the company preferred appeals with Honourable High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh.	358.44	358.44	358.44	358.44
(iii) Employee Provident Fund: Damages u/s 14B were raised by EPF authorities. Pending disposal of appeals, the company has deposited an amount of Rs 17.50 Lacs based on interim directions.	129.93	129.93	129.93	-
(iv) Arbitration with Mylan Laboratories Ltd : Mylan Laboratories Limited has raised a claim of Rs. 2.47 crores and conversely the Company has raised a claim of Rs. 1.30 crores along with future demurrage charges of Rs. 4.72 Lacs per month.	247.00	247.00	247.00	-
Total Contingent liabilities	848.11	848.11	882.36	483.74

Note 28 : Restated Statement of managerial remuneration

(Rs. in lakhs)

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Managing Director				
Avinash Ravi				
---- Remuneration	10.55	42.22	42.22	26.65
---- Perquisites	0.98	3.30	3.30	0.57
---- LTA	-	3.50	3.50	2.22
---- Holiday Passage	-	3.50	3.50	2.22
Dr.R.T.Ravi				
---- Remuneration	-	-	-	2.19
---- Perquisites	-	-	-	1.65
Director & COO				
Avinash Ravi				
---- Remuneration	-	-	-	4.09
---- Perquisites	-	-	-	0.95
---- LTA	-	-	-	-
Total	11.53	52.52	52.52	40.54

Note 29 : Restated Statement of Related Party disclosures

(a) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise

Serial	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Not Applicable				

(b) Associates and joint ventures of the reporting enterprise and the investing party or venture in respect of which the reporting enterprise is an associate or a joint venture:

Serial	30/06/2018	31/03/2018	31/03/2017	31/03/2016
a) Associates				
Not Applicable				
b) Joint Venture				
Not Applicable				
c) Investing party in which reporting enterprise is an associate				
i)	M/s. Ipca Laboratories Ltd	M/s. Ipca Laboratories Ltd	M/s. Ipca Laboratories Ltd	M/s. Ipca Laboratories Ltd



- (c) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual:

Serial	30/06/2018	31/03/2018	31/03/2017	31/03/2016
a) Promoters/Directors				
i)	Dr. R.T. Ravi - Promoter, Chairman	Dr. R.T. Ravi - Promoter, Chairman	Dr. R.T. Ravi - Promoter, Chairman	Dr. R.T. Ravi - Promoter, Chairman
ii)	Mr. Avinash Ravi - Promoter, Managing Director	Mr. Avinash Ravi - Promoter, Managing Director	Mr. Avinash Ravi - Promoter, Managing Director	Mr. Avinash Ravi - Promoter, Managing Director
iii)	Mrs. Hemalata Ravi - Promoter	Mrs. Hemalata Ravi - Promoter	Mrs. Hemalata Ravi - Promoter	Mrs. Hemalata Ravi - Promoter
iv)	M/s. Ipca Laboratories Ltd - Promoter	M/s. Ipca Laboratories Ltd - Promoter	M/s. Ipca Laboratories Ltd - Promoter	M/s. Ipca Laboratories Ltd - Promoter
b) Directors & Shareholders				
i) Non-executive Director (nominated by Ipca Laboratories Ltd)	Mr. E.J. Babu - Director	Mr. E.J. Babu - Director	Mr. E.J. Babu - Director	Mr. E.J. Babu - Director
ii) Non-executive Director (nominated by Ipca Laboratories Ltd)	Mr. Manish Jain - Director	Mr. Manish Jain - Director	Mr. Manish Jain - Director	Mr. Manish Jain - Director
c) Relative of Director/ Promotor				
i)	Mrs. Hemalata Ravi	Mrs. Hemalata Ravi	Mrs. Hemalata Ravi	Mrs. Hemalata Ravi

Details of relationship : Mrs. Hemalatha Ravi, W/o Dr., R.T. Ravi

- (d) Key Managerial Personnel (KMP) and Relatives of KMP

Serial	30/06/2018	31/03/2018	31/03/2017	31/03/2016
a) Key Managerial Personnell				
i)	Mr. C.V.R.S.N. Kumar -CFO Retired on 31st May 2018 CA Phani Srinath.S -CFO Appointed on 10th September 2018	Mr. C.V.R.S.N. Kumar - CFO	Mr. C.V.R.S.N. Kumar - CFO	Mr. C.V.R.S.N. Kumar -CFO
ii)	Ms. Haritha Varanasi - Company Secretary	Ms. Haritha Varanasi - Company Secretary	Ms. Haritha Varanasi - Company Secretary	Ms. Haritha Varanasi - Company Secretary
b) Relative of Key Managerial Personnell				
Not Applicable				

- (e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise:

Serial	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Not Applicable				



Disclosure of Transactions with Related Parties

I) PROMOTER/PROMOTER GROUP

(Rs. in lakhs)

Name of Related Party	Relationship	Nature of Transaction	3 Months ended 30.06.2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
1. Dr .R.T. Ravi – Chairman	Promoter/Promoter Group	i) Particulars of transactions				
		Remuneration Paid	-	-	-	2.19
		Perquisites Paid	-	-	-	1.65
		Sitting Fees paid	0.15	0.40	0.65	0.20
		ii) Amounts (Due from)/Due to related parties at the year end				
		Remuneration Payable	23.05	23.05	23.05	23.05
		Advances received	-	-	-	-
TOTAL			23.05	23.05	23.05	23.05
2. Mr. Avinash Ravi -Managing Director	Promoter/Promoter Group	i) Particulars of transactions				
		Remuneration Paid	10.55	42.22	42.22	32.93
		Perquisites Paid	0.98	10.30	10.30	7.61
		Interest paid on loan	6.03	12.00	12.00	3.18
		ii) Amounts (Due from)/Due to related parties at the year end				
		Loan received	210.00	100.00	100.00	100.00
		Interest Payable on Loan	31.10	25.67	13.66	2.86
		Advances received	104.46	104.46	105.58	105.42
TOTAL			368.58	252.52	240.00	224.27
3. Mrs. Hemalatha Ravi W/o. Dr. R.T. Ravi	Promoter/Promoter Group	ii) Amounts (Due from)/Due to related parties at the year end				
		Rent Payable	18.02	18.02	18.02	18.02
		Advances received	21.43	21.43	21.43	21.43
TOTAL			39.45	39.45	39.45	39.45
4. M/s. Ipca Laboratories Ltd	Promoter/Promoter Group	i) Particulars of transactions				
		Purchases of goods	-	371.65	-	-
		Sale of goods	703.90	2,606.64	4.58	-
		Rendering of services	245.88	949.95	156.00	117.00
		Interest paid on loan	135.54	512.83	270.35	68.10
		ii) Amounts (Due from)/Due to related parties at the year end				
		Lease Deposit	3,687.39	3,567.01	3,123.50	4,500.00
Advance Rent	656.60	766.04	1,203.77	-		
Inter Corporate Deposit	4,732.50	4,732.50	3,496.50	1,140.00		



		Interest Payable on ICD	857.43	735.31	286.46	58.43
		Advances Received	155.27	155.27	-	-
		Other Payables	178.66	178.66	125.69	107.66
		Receivables	-	-16.78	-	-
	TOTAL		10,267.85	10,118.00	8,235.92	5,806.09
3. Mr.E.J.Babu Director	Director	i) Particulars of transactions				
		Sitting Fee Paid	-	0.40	0.30	0.10
4.Mr.Manish Jain, Director	Director	i) Particulars of transactions				
		Sitting Fee Paid	0.10	0.50	0.50	0.10

II) KEY MANAGERIAL PERSONNEL

(Rs. in lakhs)

Name of Related Party	Relationship	Nature of Transaction	3 Months ended 30.06.2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
1. C.V.R.S.N .Kumar -CFO	Key Managerial Personnel	Remuneration paid	0.65	7.80	7.80	5.20
2.Haritha Varanasi - Company Secretary	Key Managerial Personnel	Remuneration paid	1.37	5.50	4.96	2.80

III) ASSOCIATES AND JOINT VENTURES

(Rs. in lakhs)

Name of Related Party	Relationship	Nature of Transaction	3 Months ended 30.06.2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
NIL						

Note 30

The deferred tax asset of Rs.131.30 Lakhs has been revalued as per Ind-AS as on 01.04.2015 at fair value and considered as "ZERO" value. Further the company has not created any Deferred Tax Asset Since 2016, since the company has brought forward unabsorbed depreciation losses and is not expecting any taxable profits in foreseeable future.

Note 31

Segment Information:

The company is operating in only one segment business of Pharma and there is no geographical segment to be reported.



Note 32

Prior to implementation of GST Act the Excise Duty expenses are bifurcated into two components: Excise Duty expenses related to sales and the un-recovered Excise Duty is recognized under other expenses and Excise Duty relating to the difference between the closing and opening stock of finished goods is recognized in the material cost and inventory adjustments. CENVAT/Service Tax credit utilised during the year is accounted in excise duty and unutilised CENVAT / Service Tax credit at the yearend is considered as duties and taxes refundable.

Note 33

The balances of trade receivables, trade payables, long term loans & advances, short term loans & advances, other current assets & other current liabilities are subject to confirmation from respective parties.

Note 34

The company has made provision for gratuity on actuarial valuation basis as per Ind-AS 19 in the restated accounts and the company did not make any contribution to a scheme administered by the insurer to discharge the gratuity liability to its employees.

Note 35

Material Regrouping

Appropriate adjustments have been made in the respective years of Restated Summary Statement of Assets and Liabilities, Restated Summary Statement of Profits and Losses and Restated Summary Statement of Cash Flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the Audited financials of the Company for the 3 Months ended June 30, 2018.

Note 36

Note on First-time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first financial statements the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013 read together with paragraph 7 of the Companies (Accounts) Rules, 2015 (Previous GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its previous GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.



A. Exemptions Applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

The Company has elected to apply the exemption for deemed cost of property, plant and equipment contained in D7AA of Ind AS 101 by considering the previous GAAP carrying values as deemed costs. Accordingly, the Net block as at March 31, 2015 as per the previous GAAP have been considered as the deemed cost as at April 1, 2015 and are being depreciated over the residual useful life on a straight line basis.

Reconciliation between previous GAAP and Ind AS

A. Effect of Ind AS adoption on the Balance Sheet as on 31.03.2016 and 01.04.2015

Particulars	As at 31.03.2016 (End of last period represented under previous GAAP)			As at 01.04.2015 (Date of Transition)		
	Previous GAAP	Effect of Transition to Ind AS	31.03.2016	Previous GAAP	Effect of Transition to Ind AS	As per Ind AS Balance Sheet
ASSETS						
Non Current Assets						
Property, Plant and Equipment	4437.92	4,743.25	9181.17	5,097.94	4,743.25	9,841.19
Capital Work in Progress	1054.19	-	1054.19	-	-	-
Other Intangible Assets	508.22	(379.28)	128.94	746.28	(379.28)	367.00
Deferred Tax Assets	131.3	(131.30)	-	131.30	(131.30)	-
Current Tax Assets	-	-	-	-	-	-
Other Non Current Assets	3465.59	(3,126.97)	338.63	3,381.62	(3,122.94)	258.68
Total Non Current Assets	9,597.22	1,105.70	10,702.93	9,357.15	1,109.73	10,466.88
Current Assets						
Inventories	563.56	-	563.56	545.30	-	545.30
Financial Assets						
Trade Receivables	2.78	-	2.78	37.28	(4.03)	33.25
Cash & Cash Equivalents	26.81	-	26.81	630.94	-	630.94
Loans				-	-	-
Others	345.80	-	345.80	273.25	-	273.25
Total Current Assets	938.95	-	938.95	1,486.77	(4.03)	1,482.74
Total Assets	10,536.17	1,105.70	11,641.89	10,843.91	1,105.70	11,949.62
EQUITY AND LIABILITIES						
Equity						
Equity Share Capital	1306.43	-	1,306.43	951.43	-	951.43
Money Received Against Share Warrants	367.2	-	367.20	367.20	-	367.20
Share application money pending allotment	-	-	-	1,917.00	-	1,917.00
Other Equity	(1,477.97)	1,105.70	(372.26)	(1,407.91)	1,105.70	(302.21)



Total Equity	195.66	1,105.70	1,301.37	1,827.72	1,105.70	2,933.42
Liabilities						
Non Current Liabilities						
Financial Liabilities						
Long Term Borrowings	2604.72	-	2,604.72	1,764.71	-	1,764.71
Provisions	414.09	-	414.09	206.30	-	206.30
Other Non Current Liabilities	4500	-	4,500.00	3,944.00	-	3,944.00
Total Non Current Liabilities	7,518.81	-	7,518.81	5,915.01	-	5,915.01
Current Liabilities						
Financial Liabilities						
Borrowings	-	-	-	-	-	-
Trade Payables	1236.65	-	1236.65	1,654.27	-	1,654.27
Other Financial Liabilities	-	-	-	-	-	-
Other Current Liabilities	1560.46	-	1560.46	1,261.43	-	1,261.43
Provisions	24.59	-	24.59	185.50	-	185.50
Total Current Liabilities	2,821.70	-	2,821.70	3,101.19	-	3,101.19
Total Equity and Liabilities	10,536.17	1,105.70	11,641.89	10,843.91	1,105.70	11,949.62

ANNEXURE VI - STATEMENT OF TAX SHELTER

Serial	Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
A	Profit Before Tax as per Restated Statement of Profit and Loss	(535.40)	(1,758.03)	(1,630.48)	(1,660.43)
B	Tax Rates (Including Surcharge and education cess)				
	Normal Tax Rate	34.61%	34.61%	34.61%	34.61%
	Minimum Alternative Tax Rate	21.34%	21.34%	21.34%	21.34%
C	Tax thereon on at Normal Rate				
D	Permanent Difference				
E	Timing Difference				
F	Net Adjustment				
G	Tax Expenses / (Savings) using normal tax (F*B)				
H	Normal Current Tax (C-G)	-	-	-	-
I	Calculation of Tax				
	Taxable Income (Book Profit) as per MAT				
	Tax Liability as per MAT				
J	Current Tax Being Higher of H & I	-	-	-	-
K	Other Adjustment				
L	Provision for Current Tax	-	-	-	-

ANNEXURE VII - MATERIAL ADJUSTMENTS TO RESTATED FINANCIAL STATEMENTS AND NOTES THEREON

Particulars	30/06/2018	31/03/2018	31/03/2017	31/03/2016
Net Profit/Total Comprehensive Income as per Audited Financial Statement	(559.19)	(1,925.62)	(1,153.68)	(1,632.04)
Material Adjustments:*				
Prior Period Income	-	-	6.00	-
Prior Period Expenses	-	-	(10.72)	(16.46)
Reversal of Existing Prior Period Items	-	40.03	4.34	-



Gratuity provision	-	(15.56)	(25.16)	(11.93)
Actuarial Gain/(Loss)	-	43.88	(25.96)	(3.57)
Reversal of Existing Actuarial Gain/(Loss)	-	33.24	(72.05)	-
Materialisation of Contingent Liabilities				
Total adjustments	-	101.59	(123.55)	(31.96)
Restated profit/ (loss) after tax	-559.19	(1,824.03)	(1,277.23)	(1,664.00)

***Ind-AS adjustments**

If the effect of Ind AS adjustments as described below would have been given to restated profit and loss, then the restated loss would have been reduced to (542.80).

Particulars	For the year ended 31/03/2016
Net Profit/ Total Comprehensive Income as per Audited Financial Statement	(1,632.04)
Material Adjustments:	
Prior Period Items	(16.46)
Materialisation of Contingent Liabilities	
Ind-As adjustments	
Property, Plant and Equipment	4,743.25
Other Intangible Assets	(379.28)
Deferred Tax Assets	(131.30)
Other Non-Current Assets	(3,126.97)
Total adjustments	1,089.24
Restated profit/ (loss) after tax	(542.80)

Notes to Material Adjustments in Restated Financial Statements

Ind-As adjustments

On transition of Ind-As the above assets were revalued as per Ind-AS 101 and Ind-As 109 and given effects to other equity as on 01.04.2015. Separate reconciliation also presented herewith (Refer note 36).

Prior Period Items

The Company on restatement, has identified prior period items and recognised in the Profit and Loss Statement in the year to which it pertains.

Gratuity provision

The company on restatement, has made a provision(net) as per actuarial valuation for 15 months ended September 2014, 6 months ended march 2015, financial year ended 2016. These valuations have effected the gratuity provisions in the subsequent periods and therefore revised actuarial valuations have been obtained and the necessary provisions have been incorporated in the restated financials till June 2018 as per revised actuarial valuation reports.

Tax impact on restated adjustments

There is no tax impact on restated financial statements.



ANNEXURE VIII - RESTATED STATEMENT OF ACCOUNTING RATIO

(Rs. in lakhs)

Serial	Particulars	Note	3 Months ended 30/06/2018	For the year ended 31/03/2018	For the year ended 31/03/2017	For the year ended 31/03/2016
A	Earning per Share (EPS) - Basic and Diluted	1				
	Restated Profit attributable to equity shareholders		(559.19)	(1,824.03)	(1,277.23)	(1,664.00)
	Closing Equity Shares outstanding (Nos)		1,37,44,286	1,37,44,286	1,37,44,286	1,30,64,286
	Opening Equity Shares outstanding (Nos)		1,37,44,286	1,37,44,286	1,30,64,286	95,14,300
	Add: Issued during the year (Nos)				6,80,000	35,49,986
	Closing Equity Shares outstanding (Nos)		1,37,44,286	1,37,44,286	1,37,44,286	1,30,64,286
	Weighted average no.of Equity Shares outstanding (Nos) Basic		1,37,44,286	1,37,44,286	1,37,44,286	1,30,64,286
	Weighted average no.of Equity Shares outstanding (Nos) Diluted		1,37,44,286	1,37,44,286	1,36,38,000	1,23,29,628
	Normal value of Equity Share		10.00	10.00	10.00	10.00
	Basic EPS		-4.07	-13.27	-9.29	-12.74
Diluted EPS		-4.07	-13.27	-9.37	-13.50	
B	Return on Networth	2				
	Restated net Profit / (Loss) for the periods		(535.40)	(1,758.03)	(1,630.48)	(1,660.43)
	Net worth at the end of the periods		(2,337.11)	(1,777.92)	46.10	1,323.33
	Return on Net Worth (%)		-22.91%	-98.88%	-3536.63%	-125.47%
C	Net Asset Value per Equity Share	3				
	Net worth at the end fo the periods		(2,337.11)	(1,777.92)	46.10	1,323.33
	Total number of equity shares outstanding at end of the periods		1,37,44,286	1,37,44,286	1,37,44,286	1,30,64,286
	Net Asset Value per Equity Share		-17.00	-12.94	0.34	10.13

1 **Earnings per Share (Basic and Diluted)**

Restated Profit/Loss after tax attributable to Equity shareholders

Weighted average number of Equity Shares

2 **Return on Net worth**

Profit/Loss after tax (as restated)

Net worth at the end of the periods

“Net worth” means 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

3 **Net Asset Value per Equity Share**

Net worth at the end of the periods

Total number of Equity Shares outstanding at end of the periods



ANNEXURE IX - RESTATED STATEMENT OF CAPITALISATION

(Rs. in lakhs)

Particulars	Pre Issue as at 30/06/2018
Long Term Borrowings (Refer Note 13)	5,191.81
Long Term Borrowings Current Maturity (Refer Note 17)	450.23
Gross Debt	5,642.04
Equity share capital	1,374.43
Other Equity	-3,711.54
Total Equity	-2,337.11
Debt / Equity Ratio	-2.41
Long Term Debt / Equity Ratio	-2.22

Long Term Borrowings (Refer Note 13)

(Rs. in lakhs)

Particulars	As at June 30, 2018
Secured Loans	104.24
Unsecured Loans	5,087.57
Total	5,191.81

Long Term Borrowings current maturity (Refer Note 17)

(Rs. in lakhs)

Particulars	As at June 30, 2018
Secured Loans	355.39
Unsecured Loans	94.84
Total	450.23

- (a) The Above has been computed on the basis of restated statement of accounts.
- (b) For the purpose of debt / equity ratio, debt has been considered including current maturities of long term debts.



ANNEXURE - I

RESTATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in lakhs)

Particulars	Note No. of Annexure IV	As at 31.03.2015	As at 30.09.2014
<u>EQUITY AND LIABILITIES</u>			
Shareholder's funds:			
Share capital	4	951.43	951.43
Reserves and surplus	5	(1,353.99)	(527.47)
Money received against share warrants		367.20	-
		(35.36)	423.95
Share application money pending allotment		1,917.00	-
Non-current liabilities			
Long-term borrowings	6	5,708.71	2,231.93
Long-term provisions	8	81.09	70.76
		5,789.80	2,302.70
Current liabilities			
Short-term borrowings	9	-	347.94
Trade payables	10	1,654.27	1,979.17
Other current liabilities	11	1,268.78	8,472.84
Short-term provisions	12	252.00	252.76
		3,175.04	11,052.71
TOTAL		10,846.48	13,779.36
<u>ASSETS</u>			
Non-current assets			
Fixed assets			
(i) Tangible assets	13A	5,097.94	5,058.48
(ii) Intangible assets under development	13B	746.28	712.61
Deferred Tax asset (Net)	7	131.30	131.30
Long-term loans and advances	14	1,211.82	1,835.05
Other Non-current assets	15	2,169.80	2,159.65
		9,357.15	9,897.09
Current assets			
Inventories	16	545.30	3,082.44
Trade receivables	17	37.28	61.92
Cash and cash equivalents	18	630.94	35.61
Short-term loans and advances	19	275.81	702.30
		1,489.33	3,882.27
TOTAL		10,846.48	13,779.36
Notes forming part of financial statements	1-37		



ANNEXURE - II

RESTATED STATEMENT OF PROFIT AND LOSS ACCOUNT

(Rs. in lakhs)

Particulars	Note No. of Annexure IV	6 Months ended 31.03.2015	15 Months ended 30.09.2014
INCOME :			
Other income	20	2.40	3.41
Total Revenue		2.40	3.41
EXPENDITURE :			
Cost of material consumed	21	-	0.00
Changes in inventories of finished goods, work-in-progress and Stock-in-trade	22	-	-
Employee benefits expense	23	194.93	94.45
Finance costs	24	402.85	8.41
Depreciation	13A	187.13	-
Other expenses	25	306.45	354.71
Total Expenses		1,091.36	457.57
Profit before extra - ordinary items & tax (I - II)		(1,088.96)	(454.16)
Exceptional Items:			
Depletion in value of Inventory		(2,637.91)	-
Debit balances written off		(692.16)	-
Waiver of Principal of Bank Loans & Others		3,625.17	
Amounts Written Back			15.55
Actuarial Gain on Gratuity			107.77
		(793.86)	(330.84)
Tax expenses:			
Current tax			
Deferred tax Asset / (Liability)		-	(39.99)
Profit/(Loss) for the period (III - IV)		(793.86)	(370.83)
Earnings per equity share of par value Rs 10/- each			
Basic		(8.34)	(3.90)
Diluted		(8.34)	(3.90)
No. of shares used in computing earnings per share			
Basic		95,14,286	95,14,286
Diluted		95,14,286	95,14,286
Notes forming part of financial statements	1-37		



ANNEXURE - III

RESTATED STATEMENT OF CASH FLOW

(Rs. in lakhs)

Particulars	6 Months ended 31.03.2015	15 Months ended 30.09.2014
Net Profit before tax and extraordinary items	(1,088.96)	(454.16)
Adjustments for:		
Depreciation	187.13	-
Financial Charges	402.85	8.41
Exceptional Items	295.10	123.32
Interest received /Other Income	(2.40)	(3.41)
Operating Profit before Working Capital Changes	(206.28)	(325.84)
Changes in Working Capital	-	-
(Increase)/Decrease in Trade Receivables	14.49	29.85
(Increase)/Decrease in Inventories	2,537.13	-
(increase)/Decrease in Long Term Loans & Advances	623.34	(21.92)
(increase)/Decrease in Short Term Loans & Advances	426.49	(68.61)
(increase)/Decrease in Other Current Assets	-	1.76
Increase/(Decrease) in Long Term Provisions	10.32	(128.76)
Increase/(Decrease) in Short Term Provisions	(0.76)	229.19
Increase/(Decrease) in Trade Payables	(324.90)	4.30
Increase/(Decrease) in Other Current Liabilities	(7,204.05)	5,355.03
Cash generated from Operations	(3,917.94)	5,400.84
Financial Charges paid	(402.85)	(152.69)
Direct Taxes paid	(0.11)	-
Net Cash provided/(Used) from operating activities -(A)	(4,527.18)	4,922.31
(Increase) / Decrease of Fixed Assets	(292.92)	4.73
(Increase) / Decrease of Capital Work-in-Progress	-	-
Interest Received/Other Income	2.40	3.41
Net Cash used in Investing Activities -(B)	(290.52)	8.14
Proceeds from long term borrowings	3,476.78	(3,402.65)
Increase/(Decrease) in Utilisation of Working Capital Loans	(347.94)	(1,525.05)
Increase/(Decrease) in Share Capital	1,917.00	-
Increase/(Decrease) in Share Premium	-	-
Increase/(Decrease) in Share Warrants	367.20	-
Net Cash provided/(Used) from financing activities -(C)	5,413.04	(4,927.70)
Net Increase in Cash and Cash equivalents (A+B+C)	595.33	2.75
Cash and Cash equivalents as at the commencement of the year	35.61	32.86
Cash and Cash equivalents as at the close of the year	630.94	35.61



ANNEXURE - IV

Restated Notes to the Financial Statements for Financial year ended March 31, 2015 and September 30, 2014 -

1. Corporate information

Krebs Biochemicals & Industries Ltd has been incorporated on 2nd December 1991. At present the company is engaged in the business of manufacture of active pharmaceutical ingredients. The company has two manufacturing facilities one at Regadichelika, Nellore (Dist) and another one at Kothapalli Village, Kasimkota Mandal, Vishakapatnam (Dist)

2. Basis of accounting and preparation of restated financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous years.

2.1 Purpose of Restated Financial statement

The Restated Statement of Assets and Liabilities of the Company as at March 31, 2015 and September 30, 2014 and the related Restated Statement of Profits and Loss and Restated Statement of Cash Flows for 6 Months ended March 31, 2015 and 15 Months ended September 30, 2014 and other restated financial information (herein collectively referred to as "Restated Financial Information") have been compiled by the Management from the then Audited Financial Statements of the Company for the respective years.

The Audited Financial Statements for the years ended March 31, 2015 and September 30, 2014 were prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) at the relevant time. The Company has prepared the Restated Statements to comply in all material aspects with the Accounting Standards notified under Section 133 of the Companies Act, 2013 ('the Act'), read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016. The Restated Financial Statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies are applied consistently in preparation of Restated Financial Information.

These Restated Financial Information have been prepared by the management in connection with the proposed issue of Shares on Rights basis (Rights issue) to the shareholders of the Company, to be filed by the Company with the Securities and Exchange Board of India, and the concerned Stock Exchanges in accordance with the requirements of:

- (a) Section 26 read with applicable provisions as provided therein and Rules 4 to 6 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 to the Companies Act, 2013;
- (b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended to date in pursuance of provisions of Securities and Exchange Board of India Act, 1992 read along with SEBI circular No. SEBI/ HO/ CFD/ DIL/ CIR/ P/ 2016/ 47 dated March 31, 2016 (together referred to as the "SEBI regulations"); and



- (c) Guidance Note on reports in Company prospectuses (Revised 2016) issued by the Institute of Chartered Accountants of India.

This restated financial statement is therefore may not be suitable for any purpose other than stated above.

The Restated Financial Information for the years ended March 31, 2015 and September 30, 2014 were authorised and approved for issue by the Rights issue Committee authorised by the Board of Directors at committees meeting held on September 10, 2018.

3. Significant accounting policies

This Restated Financial Information has been prepared after incorporating adjustments for the material amounts in the respective years to which they relate. The Restated Financial Information is presented in Indian Rupees, rounded off to nearest thousand, except per share data, face value of equity shares and expressly stated otherwise.

3.1 Use of estimates

The preparation of restated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialised.

3.2 Inventories

As per AS-2, Raw Materials, Work-In-Progress and Finished Goods are valued at lower of the cost or net realisable value.

3.3 Depreciation and amortisation

Depreciation has been provided on straight-line method at the rates specified in Schedule XIV to the Companies Act, 1956 up to December, 2012 in respect of Unit - II and up to June,13 in respect of Unit - I during the Financial year ending 30.06.2013. The depreciation not provided in the books for the Accounting Year ending 30th Sept 2014 in respect of both the units amounting to Rs.1184.38 lacs.

Depreciation has been calculated on straight-line method at the rates specified in Schedule II to the Companies Act, 2013 for the 6 months ending 31st March 2015. The useful life of the assets adopted by the company is as per schedule II of the Companies Act, 2013 and as follows:

Factory Buildings	30 years	Factory Equipment	20 years
Non Factory Buildings	60 years	Lab Equipment	20 years
Plant & Machinery - Pharma Division	20 years	R & D equipment	20 years
Plant & Machinery - Power Plant	40 years	Office Equipment	5 years
Boilers	20 years	Furniture & Fixtures	10 years
Electrical Installations	20 years	Vehicles	8 years
D G Sets	20 years	Computers	3 years
Effluent Treatment Plant	20 years		



3.4 Revenue recognition

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. This coincides with the passing of possession to the buyer.

3.5 Expenditure

Expenses are accounted on accrual basis and provision is made for all known losses and liabilities.

3.6 Tangible fixed assets

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance. Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

3.7 Interest Free Sales Tax Loan:

The sales tax collected on domestic sales of Company's products is treated as interest free sales tax loan from the AP State Government in accordance with the State Government incentive scheme. The amount credited to the loan account is based on the amounts collected as sales tax. Final amount of loan will be arrived at only on completion of sales tax assessments.

3.8 Foreign Exchange Transaction:

All the Foreign Exchange transactions entered into during the current financial year are accounted at the exchange rate prevailing on the date of documentation/invoicing. Foreign Exchange Fluctuation on transactions entered into during the current financial year and received/paid during the year are accounted in the current financial year. The outstanding foreign currency



debtors are restated at the Foreign Currency Rates prevailing at the end of the year and the Foreign Exchange Fluctuation on the same is also recognised at the end of the year in conformity with the revised Accounting Standard 11 and foreign currency debtors which are doubtful at the end of the year are not restated at the foreign currency rates prevailing at the end of the year.

3.9 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

3.10 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

3.11 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing



differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in equity are recognised in equity and not in the Statement of Profit and Loss.

3.12 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

3.13 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and 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 (excluding retirement benefits) are not discounted to their present value and are determined based on the 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 disclosed in the Notes.

3.14 R & D Expenditure

Expenditure in the nature of capital items is debited to respective fixed assets and depreciated at applicable rates. Revenue expenditure is charged to Profit and Loss Account of the year in which they are incurred.

3.15 Dividends

Provision shall be made in the accounts for the dividends payable by the company as and when recommended by the Board of Directors, pending approval of the shareholders at the Annual General Meeting.

3.16 Excise Duty

Excise Duty on closing stock of Finished Goods has been provided in the accounts and corresponding increase in closing stock valuation has been given effect.

**Note 4 : Restatement of Share Capital**

(All the figures are in lacs unless otherwise stated)

Particulars	As at 31.03.2015		As at 30.09.2014	
	No.of Shares	Amount	No.of Shares	Amount
I. Authorised:				
Equity shares of Rs 10 each with voting rights	200.00	2,000.00	100.00	1,000.00
II. Issued, Subscribed and Paid up:				
Equity shares of Rs 10 each with voting rights	95.14	951.43	95.14	951.43
	95.14	951.43	95.14	951.43

a) Terms/ rights attached to equity shares

The company has only one class of equity shares having a face value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share. The dividends recommended by the Board of Directors, if any are subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the equity share holders are entitled to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to the number of shares held.

b) Reconciliation of shares outstanding at the end of the reporting period

(All the figures are in lacs unless otherwise stated)

Particulars	As at 31.03.2015		As at 30.09.2014	
	No.of Shares	Amount	No.of Shares	Amount
Equity shares with voting rights:-				
Opening Balance	95.14	951.43	95.14	951.43
Preferential Allotment (*)	-	-	-	-
Closing Balance	95.14	951.43	95.14	951.43

c) Details of shares held by each shareholder holding more than 5% shares:

(All the figures are in lacs unless otherwise stated)

Particulars	As at 31.03.2015		As at 30.09.2014	
	No.of Shares	% holding	No.of Shares	% holding
Equity shares with voting rights				
Avinash Ravi	15.48	16.27%	16.98	17.85%
Aditya Ravi	0.08	0.09%	11.18	11.75%
Hemalatha Ravi	8.94	9.40%	8.94	9.40%
Ajay Ravi	0.93	0.98%	6.33	6.65%
Ranbaxy Laboratories Ltd	10.50	11.04%	10.50	11.04%
Ipca Laboratories Ltd	18.00	18.91%	-	-
	53.94	56.69%	53.94	56.69%



Notes :

- 1) During the 6 Months period ended 31.03.2015 the company has received share application money of Rs. 19.17 Crores towards allotment of 35.50 lacs of equity shares of Rs. 10/- each with a premium of Rs. 44/-
- 2) During the 6 Months period ended 31.03.2015 the company has received share warrants application money of Rs. 3.67 Crores towards 6.80 lacs of share warrants of Rs. 10/- each with a premium of Rs. 44/-

Note 5 : Restated Statement of Reserves and Surplus

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
Share Premium Account		
As at Commencement of the Year	4,000.17	4,000.17
Add : Received on further issue of shares	-	-
	4,000.17	4,000.17
State Subsidy		
As at Commencement of the Year	39.38	39.38
Add : Additions during the year	-	-
	39.38	39.38
Profit and Loss Account		
As at Commencement of the Year	(4,567.02)	(4,196.19)
Depreciation as per Companies Act 2013	(32.66)	
Add : Transferred from Profit & Loss Account	(793.86)	(370.83)
	(5,393.54)	(4,567.02)
Total	(1,353.99)	(527.47)

Note 6 : Restated Statement of Long Term Borrowings

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
A) Secured Loans		
<i>Long Term Loans - From Banks and Financial Institutions</i>		
(i) Edelweiss Asset Reconstruction Company Ltd	1,400.00	1,500.00
	1,400.00	1,500.00
B) Unsecured Loans		
<i>Loan from Promoter, Promoter Group, Director and Relatives</i>		
(i) M/s. Ipca Laboratories Ltd (Lease Deposit)	3,944.00	-
Loan/Deposits from Shareholder	-	-
Inter corporate loans and advances	-	-
Loan from Financial institutions/NBFC	-	-
<i>Long Term Loans - Others</i>		
(i) M/s. Sainor Laboratories Pvt. Ltd (Inter Corporate Deposit)	-	310.00
(ii) From Govt of Andhra Pradesh (Interest Free Sales Tax Loan)	364.71	421.93
	4,308.71	731.93
Total Long Term Borrowings	5,708.71	2,231.93



Current maturities		
(Shown under Current liabilities)		
Secured Loans		
(i) United Bank of India	-	340.21
(ii) Edelweiss Asset Reconstruction Company Ltd	200.00	2,180.42
(iii) Pinky Ventures Pvt. Ltd	-	4,052.04
	200.00	6,572.67
Unsecured Loans		
(iv) Cholamandalam DBS Finance Ltd	-	0.55
(v) HDFC Bank	-	1.15
(vi) Artemis Biotech	35.72	70.00
(vii) Interest Free Sales Tax Loan	146.84	89.62
	182.56	161.32
Total current maturities of Long Term Borrowings	382.56	6,733.99

- a) All the instalments falling due within 12 months from the date of Balance Sheet have been classified as current liabilities, the aggregate of which is shown as 'current maturities of long-term borrowings' under Note - 11, 'Other Current Liabilities'.
- b) The company has entered into long term lease agreement with M/s IPCA Laboratories Ltd and received a interest free refundable lease deposit of Rs.39.44 crores during accounting period ended 31.03.2015.
- c) The secured loans during the accounting period ended 30th September 2014 of Syndicate Bank, Andhra Bank, Jammu & Kashmir Bank and United Bank India (Both Term Loan and Working Capital Loan) during the accounting period ending 31 March 2015 are assigned to M/s Pinky Ventures Pvt. Ltd (Non Banking Finance Company) together with all the rights, title and interest, pledges and guarantees in respect of such loans.

Therefore, the outstanding loans of these banks in the books have been transferred to M/s Pinky Ventures Pvt. Ltd and shown under the head Current maturities of Long Term Borrowings as on 30th September 2014.

This loan is secured by first charge on all movable and immovable fixed assets both present and future of the Company and pari passu second charge on the stocks of Raw-materials, Work-in-Progress, Finished Goods, Stores and Spares and book debts both present and future of the company. The loans are further secured by irrevocable and unconditional personal guarantees of the Promoters.

The outstanding amounts against secured loans during the accounting period ended 31st March 2015 the company has made one-time settlement with M/s. Pinky Ventures Pvt Ltd and has paid an amount of Rs.22.25 Crores as full and final settlement and got a principal waiver of Rs.23.66 crores. The principal waiver was credited to Statement of Profit and Loss.

- d) The secured loan during the accounting period ended 30th September 2014 of Exim Bank is taken over by M/s Edelweiss Asset Reconstruction Co.(EARC) (Non Banking Finance Company) together with all the rights, title and interest, pledges and guarantees in respect of such loans. The company has entered into a settlement agreement with EARC on the following terms:



- (i) Upfront payment of Rs.50 lacs.
 - (ii) The promoters to transfer 1.50 lacs equity shares of the company.
 - (iii) Rs.16.00 Crores is payable in quarterly instalments of Rs.50 Lakhs each for the first 4 quarters commencing from June 2015 and Rs.100 Lakhs each payable from June 2016 till September 2019.
 - (iv) Post-dated cheques for the instalments.
 - (v) Upon the assignment of financial assistance from Exim Bank to EARC the Land documents were also held by EARC to the extent 20 Acres & 22 Cents of Nellore Plant and to the extent 29 Acres & 18 Cents of Vizag Plant.
- e) The secured loan during the accounting period ended 30th September 2014 of IDBI Bank is taken over by M/s Edelweiss Asset Reconstruction Co.(EARC) (Non Banking Finance Company) together with all the rights, title and interest, pledges and guarantees in respect of such loans. Therefore, the outstanding loans of this bank in the books has been transferred to M/s Edelweiss Asset Reconstruction Co.(EARC) and shown under the head Current maturities of Long Term Borrowings. This loan is secured by first charge on all movable and immovable fixed assets both present and future of the Company and pari passu second charge on the stocks of Raw-materials, Work-in-Progress, Finished Goods, Stores and Spares and book debts both present and future of the company. The loan is further secured by irrevocable and unconditional personal guarantees of the Promoters.

The outstanding amount against this loan during the accounting period ended 31st March 2015 the company has made one-time settlement with EARC and has paid an amount of Rs.12.55 crores as full and final settlement and got a principal waiver of Rs.8.25 crores. The principal waiver was credited to Statement of Profit and Loss.

Note 7 : Restated Statement of Net Deferred Tax Liability / (Asset)

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
On Depreciation (Difference of as per Books & as per Income Tax Act)	(128.77)	(128.77)
On Accrued compensation to employees	(2.53)	(2.53)
Total	(131.30)	(131.30)

Note 8 : Restated Statement of Long Term provisions

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
Provision for employee benefits		
- Provision for Gratuity (net)	81.09	70.76
Total	81.09	70.76

Note 9 : Restated Statement of Short Term borrowings

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
A. Secured		
<i>Term Loan from Banks and Financial Institutions</i>		
--- United Bank of India -Working Capital Loan	-	347.94
Term Loan from other parties	-	-
B. Un Secured		
Loan from Promoter, Promoter Group, Director and their relatives	-	-



Loan/deposit from Shareholder	-	-
Inter corporate loans and advances	-	-
Temporary Bank Overdraft/Overdrawn cheques	-	-
Others	-	-
Total	-	347.94

The working capital facilities from United Bank of India are secured by first charge on the stocks of Raw-materials, Work-in-Progress, Finished Goods, Stores and Spares and book debts of the Pharma Division and ranking pari passu second charge on fixed assets of the Pharma Division. The loans are further secured by irrevocable and unconditional personal guarantees of the Promoters.

The secured loan during the accounting period ended 31st March 2015 of United Bank India (Both Working Capital Loan and Term Loan) are assigned to M/s Pinky Ventures Pvt. Ltd (Non Banking Finance Company) together with all the rights, title and interest, pledges and guarantees in respect of such loans.

The outstanding amount against secured loan during the accounting period ended 31st March 2015 the company has made one-time settlement with M/s. Pinky Ventures Pvt Ltd and has paid an amount of Rs. 22.25 Crores as full and final settlement and got a principal waiver of Rs.23.66 crores. The principal waiver was credited to Statement of Profit and Loss.

Note 10 : Restated Statement of Trade Payables

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
Dues to Micro, Small and Medium Enterprises	-	-
<i>Dues to other than Micro and Small Enterprises</i>		
Creditors for Materials	1,580.14	1,910.16
Creditors for Services	74.13	69.01
Total	1,654.27	1,979.17
Out of above dues to Promoter, Promoter Group and Related Parties	-	-

Note 11 : Restated Statement of other Current Liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
<i>Dues Other than Micro, Small and Medium Enterprises</i>		
Current maturities of long term borrowings (Refer Note 6)	382.56	6,733.99
Statutory remittances	71.27	351.37
Payables on purchase of fixed assets	24.08	54.04
Payables for expenses	543.81	688.47
Salaries Payable	187.69	576.75
Audit Fees Payable	8.33	13.60
Directors Remuneration Payable	33.36	36.93
Advance from customers	17.68	17.68
Total	1,268.78	8,472.84

Note 12 : Restated Statement of short term provisions

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
Provision for Bonus	8.93	13.32
Provision for Leave Encashment	18.41	16.62
Provision for Gratuity	48.09	46.25
Other Provisions	176.57	176.57
Total	252.00	252.76



KREBS BIOCHEMICALS & INDUSTRIES LIMITED

Note 13 : Restated Statement of Fixed Assets

(Rs. in lakhs)

Serial	Fixed Assets	Gross Block			Accumulated Depreciation			Net Block	
		Balance as at 01/07/2013	Additions/ (Deletions)	Balance as at 30/09/2014	Balance as at 01/07/2013	Depreciation charge for the period	Balance as at 30/09/2014	Balance as at 30/09/2014	Balance as at 30/06/2013
A	Tangible Assets								
	Land	155.77	-	155.77	-	-	-	155.77	155.77
	Wells	23.38	-	23.38	-	-	-	23.38	23.38
	Buildings - Factory	1,827.64	-	1,827.64	639.38	-	639.38	1,188.26	1,188.26
	Buildings - Non Factory	132.05	-	132.05	22.05	-	22.05	110.00	110.00
	Plant and Machinery-Pharma Division	10,358.28	-	10,358.28	7,684.26	-	7,684.26	2,674.02	2,674.02
	Plant and Machinery-Power Plant	1,204.36	-	1,204.36	887.58	-	887.58	316.78	316.78
	Boilers	97.47	-	97.47	97.47	-	97.47	-	-
	Electrical Installations	719.51	-	719.51	378.14	-	378.14	341.37	341.37
	D.G. Set	350.93	-	350.93	344.02	-	344.02	6.91	6.91
	Effluent Treatment Plant	653.34	-	653.34	581.33	-	581.33	72.01	72.01
	Factory Equipment	152.23	-	152.23	127.83	-	127.83	24.40	24.40
	Lab Equipment	375.38	-	375.38	302.14	-	302.14	73.24	73.24
	Research & Dev. Equipment	104.15	-	104.15	87.91	-	87.91	16.24	16.24
	Office Equipment	47.79	-	47.79	37.18	-	37.18	10.61	10.61
	Furniture and Fixtures	48.76	-	48.76	37.54	-	37.54	11.22	11.22
	Vehicles	119.70	(7.02)	112.68	80.70	(0.86)	79.84	32.84	39.00
	Computers	59.77	1.43	61.20	59.77	-	59.77	1.43	-
	SUB TOTAL (A)	16,430.51	(5.59)	16,424.92	11,367.30	(0.86)	11,366.44	5,058.48	5,063.21
B	Intangible assets under Development								
	Product Development Expenses	707.40	-	707.40	-	-	-	707.40	690.32
	ERP Software Set up Cost	5.21	-	5.21	-	-	-	5.21	5.21
	SUB TOTAL (B)	712.61	-	712.61	-	-	-	712.61	695.53
	Total [A + B] (Current Year)	17,143.12	(5.59)	17,137.53	11,367.30	(0.86)	11,366.44	5,771.09	5,758.74
	(Previous Year)	17,082.55	60.56	17,143.11	10,539.66	827.64	11,367.30	5,775.81	6,542.89

Note : The company has not provided the depreciation in respect of its Unit II (Vizag) with effect from 1st January 2013 since the assets are not put to use due to the closure of unit on account of labour strike. The depreciation not provided in the books from January 13 to June 13 is Rs 170.73 lacs and July 13 to September 14 is Rs.926.13 lacs.



KREBS BIOCHEMICALS & INDUSTRIES LIMITED

The company has not provided the depreciation in respect of its Unit I (Nellore) with effect from 1st July 2013 since the assets are not put to use due to the closure of unit on account of labour strike. The depreciation not provided in the books from July 13 to September 14 is Rs.258.25 lacs. Therefore, the total depreciation not provided in the books for both the units for the current accounting period from 1st July 2013 till 30th Sept, 2014 is Rs.1184.38 lacs.

Serial	Fixed Assets	Gross Block			Accumulated Depreciation				Net Block	
		Balance as at 01/10/2014	Additions/ (Deletions)	Balance as at 31/03/2015	Balance as at 01/10/2014	Depreciation charge for the period	Adjustment against retained earnings on account of Companies Act 2013	Balance as at 31/03/2015	Balance as at 31/03/2015	Balance as at 30/09/2014
A	Tangible Assets									
	Land	155.77		155.77	-			-	155.77	155.77
	Wells	23.38		23.38	-			-	23.38	23.38
	Buildings - Factory	1,827.64		1,827.64	639.38	34.78		674.16	1,153.48	1,188.26
	Buildings - Non Factory	132.05		132.05	22.05	1.05		23.10	108.95	110.00
	Plant and Machinery-Pharma Division	10,358.28	251.10	10,609.38	7,684.26	114.57		7,798.83	2,810.56	2,674.02
	Plant and Machinery-Power Plant	1,204.36		1,204.36	887.58	4.58		892.16	312.20	316.78
	Boilers	97.47		97.47	97.47	-		97.47	-	-
	Electrical Installations	719.51		719.51	378.14	28.95	4.49	411.58	307.93	341.37
	D.G. Set	350.93		350.93	344.02	0.30		344.32	6.61	6.91
	Effluent Treatment Plant	653.34		653.34	581.33	2.97		584.30	69.04	72.01
	Factory Equipment	152.23		152.23	127.83	1.18		129.01	23.22	24.40
	Lab Equipment	375.38		375.38	302.14	2.99		305.13	70.25	73.24
	Research & Dev. Equipment	104.15		104.15	87.91	0.88		88.79	15.36	16.24
	Office Equipment	47.79		47.79	37.18	(9.48)	7.30	35.00	12.79	10.61
	Furniture and Fixtures	48.76	1.59	50.35	37.54	0.38	7.34	45.26	5.09	11.22
	Vehicles	112.68	5.48	118.16	79.84	3.26	13.53	96.63	21.53	32.84
	Computers	61.20	1.08	62.28	59.77	0.72		60.49	1.79	1.43
	SUB TOTAL (A)	16,424.92	259.25	16,684.17	11,366.44	187.13	32.66	11,586.23	5,097.94	5,058.48
B	Intangible assets under Development									
	Product Development Expenses	707.40	38.88	746.28	-	-		-	746.28	690.32
	ERP Software Set up Cost	5.21	(5.21)	-	-	-		-	-	5.21
	SUB TOTAL (B)	712.61	33.67	746.28	-	-		-	746.28	695.53
	Total [A + B] (Current Year)	17,137.53	292.92	17,430.45	11,366.44	187.13	32.66	11,586.23	5,844.22	5,754.01
	(Previous Year)	17,082.55	60.56	17,143.11	10,539.66	827.64		11,367.30	5,775.81	6,542.89

**Note 14 : Restated Statement of Long Term Loans and Advances**

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
Unsecured, Considered Good :		
<i>Promoter, Promoter Group and Related Parties</i>	-	-
Others		
Capital advances	924.73	1,088.14
Electricity Deposits	48.00	120.61
Rent Deposits	5.22	7.59
Telephone Deposits	-	0.80
Deposit with Central Excise Dept	20.00	20.00
Advance Income Taxes	36.37	36.26
Other Loans and advances	177.50	561.65
Total	1,211.82	1,835.05

Note 15 : Restated Statement of other non-current assets

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
Long Term Trade Receivables		
Unsecured, Considered Good :	2,169.80	2,159.65
Total	2,169.80	2,159.65

Note : The recovery of above Long Term Trade Receivables of Rs.2,169.80 Lakhs is doubtful. However, the management is of the opinion that no provision is necessary against the above amount as the company is pursuing the matter and the amount may be recovered.

Note 16 : Restated Statement of Inventories

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
Raw Material	221.28	943.54
Work-in-Progress	239.40	1,961.36
Finished Goods	24.64	63.93
Stores and Spares	59.99	113.60
Total	545.30	3,082.44

Note 17 : Restated Statement of Trade Receivables

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
Unsecured, Considered good outstanding for a period more than six months		
<i>Amount due from Promoter, Directors, Group Companies and Related Parties</i>		
Others	37.28	61.92
Unsecured, Considered good outstanding for a period less than six months		
<i>Amount due from Promoter, Directors, Group Companies and Related Parties</i>	-	-
Others	-	-
Total	37.28	61.92



Note 18 : Restated Statement of Cash & Bank Balances

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
Cash in Hand	3.98	0.57
Balance with noted Banks :		
In Current Accounts	605.46	3.44
In Margin Money Accounts	21.50	31.60
Total	630.94	35.61

Note 19 : Restated Statement of Short-term Loans & Advances

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
Unsecured Advances - Considered good		
(i) Loans and advances to employees	5.00	268.27
(ii) Prepaid Expenses	4.49	0.35
(iii) Balances with Govt Authorities		
- CENVAT credit receivable	51.84	39.24
- VAT credit receivable	99.12	93.22
- Service Tax credit receivable	58.12	27.48
(iv) Others		
- Advance for Materials	43.75	269.52
- Interest accrued on deposits	3.57	1.28
- Other advances	9.92	2.94
Total	275.81	702.30

Note 20 : Restated Statement of other Income

(Rs. in lakhs)

Particulars	6 Months ended 31.03.2015	15 Months ended 30.09.2014
Interest Income	2.40	1.28
Miscellaneous Income	-	0.38
Foreign Exchange Gain	-	1.75
Total	2.40	3.41

Note 21 : Restated Statement of cost of Materials consumed

(Rs. in lakhs)

Particulars	6 Months ended 31.03.2015	15 Months ended 30.09.2014
Raw Material Consumed		
Opening Stock	943.54	943.54
Add :Purchases		
Raw Material	100.78	-
	1,044.32	943.54
Less : Depletion in value of Inventory	(823.03)	-
	221.28	943.54
Less : Closing Stock	221.28	943.54
Raw Material Consumed	-	0.00
B) Stores and Spares and Consumables		
Opening Stock	58.37	58.37
Less : Closing Stock	58.37	58.37
Consumption	-	-
Total Cost of Material Consumed	-	-



Note 22 : Restated Statement of changes in Inventory

(Rs. in lakhs)

Particulars	6 Months ended 31.03.2015	15 Months ended 30.09.2014
Closing Stock of :		
Work-in-Progress	239.40	1,961.36
Finished Goods	24.64	63.93
	264.03	2,025.30
Opening Stock of :		
Work-in-Progress	1,961.36	1,961.36
Finished Goods	63.93	63.93
Less : Depletion in value of Inventory	(1,761.26)	-
	264.03	2,025.30
Increase/(Decrease) in Stock (A-B)	-	-

Note 23 : Restated Statement of Employee benefit expenses

(Rs. in lakhs)

Particulars	6 Months ended 31.03.2015	15 Months ended 30.09.2014
Salary, Wages & Benefits	182.77	93.51
Staff Welfare Expenses	12.16	0.94
Total	194.93	94.45

Note 24 : Restated Statement of Financial cost

(Rs. in lakhs)

Particulars	6 Months ended 31.03.2015	15 Months ended 30.09.2014
Bank Charges	0.86	0.37
Other Interest	401.99	8.04
Total	402.85	8.41

Note 25 : Restated Statement of Other Expenses

(Rs. in lakhs)

Particulars	6 Months ended 31.03.2015	15 Months ended 30.09.2014
A) Selling & Distribution Expenses		
Business Promotion Expenses	1.11	0.52
B) Operating, Administrative & Other Expenses		
Rent	8.04	20.87
Rates & Taxes	19.94	29.89
Insurance	0.49	0.68
Printing & Stationary	2.49	0.27
Postage, Telegrams & Telephones	3.98	3.36
Consultancy & Legal Exp.	7.77	9.06
General Expenses	140.92	42.48
Directors Sitting fees	0.40	0.10
Directors Remuneration	14.60	35.61
Auditors Remuneration	2.50	2.50



Travelling & Conveyance	6.22	6.09
Directors Travelling	2.28	5.25
Office Maintenance	4.70	3.38
Donations	0.25	-
Loss on Sale of Asset	-	3.41
Carriage Inward	-	0.22
Power and Fuel	28.31	186.95
Lab Expenditure	3.11	2.21
Repairs & Maintenance	59.28	1.86
Effluent Treatment Plant Maintenance	0.06	-
Total	306.45	354.71

Note 26 : Restated Statement of Contingent Liabilities

(Rs. in lakhs)

Particulars	As at 31.03.2015	As at 30.09.2014
The following contingent liabilities are not provided for.		
(i) Sales Tax: There are various demands raised by the Sales Tax authorities for which the company preferred appeals with higher authorities. Pending disposal of appeals, the company has deposited an amount of Rs NIL Lacs.	212.46	220.30
(ii) Excise Duty and Service Tax: There are various demands raised by the Excise authorities for which the company preferred appeals with higher authorities. Pending disposal of appeals, the company has deposited an amount of Rs 20.00 Lacs based on interim directions.	115.28	3.34
(iii) Income Tax: There are various demands raised by the Income Tax authorities for which the company preferred appeals with Honourable High Court of Judicature at Hyderabad for the States of Telangana and Andhra Pradesh.	315.53	315.53
Total	643.27	539.17

Note 27 : Restated Statement of Managerial Remuneration

(Rs. in lakhs)

Particulars	6 Months ended 31.03.2015	15 Months ended 30.09.2014
Managing Director		
Remuneration	6.00	15.00
Perquisites -(HRA)	2.25	5.63
Director & COO		
Remuneration	5.60	13.99
Perquisites	0.36	
LTA	0.40	0.99
Total	14.61	35.61

Due to inadequate profits, the company has paid only the minimum remuneration by way of Salary & Perquisites to Managing Director.



Note 28 : Restated Statement of Related Party Disclosures

- (a) Enterprises that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the reporting enterprise:

Serial	6 Months ended 31.03.2015	15 Months ended 30.09.2014
Not Applicable		

- (b) Associates and joint ventures of the reporting enterprise and the investing party or venture in respect of which the reporting enterprise is an associate or a joint venture:

Serial	6 Months ended 31.03.2015	15 Months ended 30.09.2014
<i>a) Associates</i>		
Not Applicable		
<i>b) Joint Venture</i>		
Not Applicable		
<i>b) Investing party in which the reporting enterprise is an associate</i>		
i)	M/s. Ipca Laboratories Ltd	NA

- (c) Individuals owning, directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of any such individual:

Serial	6 Months ended 31.03.2015	15 Months ended 30.09.2014
<i>a) Promoters/Directors</i>		
i)	Dr. R.T. Ravi -Promoter, Chairman	Dr. R.T. Ravi -Promoter, Chairman
ii)	Mr. Avinash Ravi -Promoter, Managing Director	Mr. Avinash Ravi -Promoter, Managing Director
iii)	Mrs .Hemalata Ravi -Promoter W/o. Dr. R.T. Ravi	Mrs .Hemalata Ravi -Promoter W/o. Dr. R.T. Ravi
iv)	M/s. Ipca Laboratories Ltd -Promoter	
<i>b) Directors and Shareholders</i>		
Not Applicable		
<i>b) Relative of Director/Promotor</i>		
Not Applicable		

Details of Relationship : Mrs Hemalatha Ravi – W/o Dr. R.T. Ravi

- (d) Key Managerial Personnel (KMP) and Relatives of KMP

Serial #	6 Months ended 31.03.2015	15 Months ended 30.09.2014
Not Applicable		



- (e) Enterprises over which any person described in (c) or (d) is able to exercise significant influence. This includes enterprises owned by directors or major shareholders of the reporting enterprise and enterprises that have a member of key management in common with the reporting enterprise:

Serial #	6 Months ended 31.03.2015	15 Months ended 30.09.2014
Not Applicable		

Disclosure of Transactions with Related Parties

(Rs. in lakhs)

Name of Related Party	Relationship	Nature of Transaction	6 Months ended 31.03.2015	15 Months ended 30.09.2014
1. Dr. R.T. Ravi - Chairman	Promoter/Promoter Group	i) Particulars of transactions		
		Remuneration Paid	6.00	15.00
		Perquisites Paid	2.25	5.63
		ii) Amounts (Due from)/Due to related parties at the year end		
		Remuneration Payable	20.85	15.43
		Advances received	-	-
	TOTAL		20.85	15.43
2. Mr. Avinash Ravi - Managing Director	Promoter/Promoter Group	i) Particulars of transactions		
		Remuneration Paid	5.60	13.99
		Perquisites Paid	0.76	0.99
		ii) Amounts (Due from)/Due to related parties at the year end		
		Remuneration Payable	12.51	21.50
		Advances received	110.92	110.92
	TOTAL		123.43	132.42
3. Mrs. Hemalatha Ravi W/o. Dr .R.T. Ravi	Promoter/Promoter Group	ii) Amounts (Due from)/Due to related parties at the year end		
		Rent Payable	16.54	14.52
		Advances received	21.43	21.43
		TOTAL		
4. M/s. Ipca Laboratories Ltd	Promoter/Promoter Group	ii) Amounts (Due from)/Due to related parties at the year end		
		TOTAL	Lease Deposit	3,944.00

Note 29

In the opinion of the management, the Current Assets, Loans and Advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities have been adequately made in the accounts.



Note 30

Disclosure of Sundry Creditors under Trade Payables is based on the information available with the Company regarding the status of the suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006" and relied upon by the Auditors. As per the records with the company, none of the enterprises have been identified as Micro, Small and Medium Enterprises.

Note 31

Interest Free Sales Tax

The sales tax collected on domestic sales of Company's products is treated as interest free sales tax loan from the AP State Government in accordance with the State Government incentive scheme. The amount credited to the loan account is based on the amounts collected as sales tax. The repayments terms are payable once in year after completion of every 13th year. The loan will be matured on 31-03-2025.

- a) The Loan outstanding amount against Vizag unit is Rs.451.76 lakhs as on March 31, 2015
- b) The Loan outstanding amount against Nellore unit is Rs.59.80 lakhs as on March 31, 2015

Note 32

The Expenditure incurred on NVR Co-Operative Sugar Factory towards the Development of Factory and Cane Development Expenses etc, has been treated as Advance recoverable since the company is claiming the same from Government of Andhra Pradesh.

Note 33

As per Accounting Standard 22 "Accounting for Taxes on income" issued by the Institute of Chartered Accountants of India Rs.39.99 lakhs of deferred tax liability arising during the period ended 30th September 2014 has been debited to the current year's Profit and Loss account. The company has not created any Deferred Tax Asset for the period ended 31st March 2015 since the company has brought forward un absorbed depreciation losses and is not expecting any taxable profits in foreseeable future.

Note 34

Segment Information: The company is operating in only one segment business of pharma and there is no geographical segment to be reported

Note 35

The balances of trade receivables, trade payables, long term loans & advances, short term loans & advances, other current assets & other current liabilities are subject to confirmation from respective parties.

Note 36

The company has made provision for gratuity on actuarial valuation basis as per AS-15 in the restated accounts and the company did not make any contribution to a scheme administered by the insurer to discharge the gratuity liability to its employees.



Note 37

Figures have been rounded off to nearest thousand. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the year ended March 31, 2015 classification / disclosure. Also previous year figures are not comparable since they represent 15 months whereas current period represent 6 months.

ANNEXURE - V - STATEMENT OF TAX SHELTER

(Rs. in lakhs)

Serial	Particulars	For the period ended 31.03.2015	For the period ended 30.09.2014
A	Profit Before Tax as per Restated Statement of Profit & Loss	(793.86)	(330.84)
B	Tax Rates (Including Surcharge and education cess)		
	Normal Tax Rate	33.99%	33.99%
	Minimum Alternative Tax Rate	20.96%	20.96%
C	Tax thereon on at Normal Rate		
D	Permanent Difference		
E	Timing Difference		
F	Net Adjustment		
G	Tax Expenses / (Savings) using normal tax (F*B)		
H	Normal Current Tax (C-G)	-	-
I	Calculation of Tax		
	Taxable Income (Book Profit) as per MAT		
	Tax Liability as per MAT		
J	Current Tax Being Higher of H & I	-	-
K	Other Adjustment		
L	Provision for Current Tax	-	-

ANNEXURE - VI - MATERIAL ADJUSTMENTS TO RESTATED FINANCIAL STATEMENTS AND NOTES THEREON

(Rs. in lakhs)

Particulars	For the period ended 31.03.2015	For the period ended 30.09.2014
Net Profit as per Audited Financial Statement	(784.01)	(434.60)
Material Adjustments:		
Prior Period Income/ (Expenses)	(2.39)	(20.81)
Gratuity provision	(7.46)	(23.19)
Actuarial Gain/(Loss)	-	107.77
Materialisation of Contingent Liabilities	-	-
Total adjustments	(9.85)	63.77
Restated profit/ (loss) after tax	(793.86)	(370.83)

Notes to Material Adjustments in Restated Financial Statements

Prior Period Items

The Company on restatement, has identified prior period items and recognised in the Profit and Loss Statement in the year to which it pertains.

Gratuity provision

The company on restatement, has made a provision(net) as per actuarial valuation for 15 months ended September 30, 2014 and 6 months ended march 31, 2015 and the effect is recognised in the profit and loss statement.

**Tax impact on restated adjustments**

There is no tax impact on restated financial statements.

ANNEXURE - VII - RESTATED STATEMENT OF ACCOUNTING RATIO

(Rs. in lakhs)

Serial	Particulars	Note	For the period ended 31.03.2015	For the period ended 30.09.2014
A	Earning per Share (EPS) - Basic and Diluted	1		
	Restated Profit attributable to equity shareholders		(793.86)	(370.83)
	No. of Equity shares outstanding		95,14,286	95,14,286
	Weighted number of Equity Shares		95,14,286	95,14,286
	Nominal value of Equity Share INR		10.00	10.00
	Basic and Diluted EPS INR		-8.34	-3.90
B	Return on Net worth	2		
	Restated net Profit / (Loss) for the periods		(793.86)	(370.83)
	Net worth at the end of the periods		(35.36)	423.95
	Return on Net Worth (%)		(2244.87%)	(87.47%)
C	Net Asset Value per Equity Share	3		
	Net worth at the end of the periods		(35.36)	423.95
	Total number of equity shares outstanding at end of the periods		95,14,286	95,14,286
	Net Asset Value per Equity Share		(0.37)	4.46

1 Earnings per Share (Basic and Diluted)

Restated Profit/Loss after tax attributable to Equity shareholders

Weighted average number of Equity Shares

2 Return on Net worth

Profit/Loss after tax (as restated)

Net worth at the end of the periods

“Net worth” means 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

3 Net Asset Value per Equity Share

Net worth at the end of the periods

Total number of Equity Shares outstanding at end of the periods

FINANCIALS INFORMATION OF GROUP COMPANIES

For Details on the group companies and its financials, please refer section “Our Promoter and Promoter Group Entities” on page 147 of this DLOF.



MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS

You should read the following discussion of our financial condition and results of operations together with our audited and restated financial statements for each of the Fiscal years 2014, 2015, 2016, 2017 and 2018 and for the period ended June 30, 2018 including the notes thereto and the report thereon, which appear on page 171 in this draft Letter of Offer.

In this section, a reference to the "Company" means Krebs Biochemicals & Industries Limited. Unless the context otherwise requires, references to "we," "us," "our" refers to Krebs Biochemicals & Industries Limited.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in the section "Risk Factors" beginning on page 11 of this Letter of Offer.

Overview

We are engaged in manufacturing and marketing of fermentation based APIs (Active Pharmaceutical Ingredients). Our manufacturing facilities are located at Nellore and Visakhapatnam in the state of Andhra Pradesh.

We manufacture bulk active pharmaceutical ingredients, pharmaceutical intermediates, fine chemicals and nutraceuticals utilizing two revenue streams:

- Contract manufacturing for large pharmaceutical and multinational companies
- Development of our products for sale in global markets

Based on our audited and restated financial statements the total income and (Loss) After Tax for Fiscal 2018 were Rs. 3,398.52 Lacs and (Rs. 1,824.03 Lacs) respectively,

Significant Developments after March 31, 2018

For the quarter ended June 30, 2018 we have made net loss of Rs. 559.19 lacs as per the restated financial results.

Mr. S. Phani Srinath was appointed as the CFO with effect from September 10, 2018.

There are no other significant developments after March, 31, 2018 which materially and/or adversely affect or is likely to affect the operations or profitability of our company or the value of our assets or our ability to pay our liabilities within the next twelve months.

Significant factors that may affect the results of operations:

In the context of our current business model, our financial condition and results of operations may be affected by numerous factors, the following of which are of particular relevance:

1. Changes in Government policies



2. Competition from existing and new entrants
3. Slowdown in economy
4. Our ability to retain validity of regulatory approvals
5. Ability to develop and market new products
6. Maintaining quality and cost competitiveness

DISCUSSION ON THE RESULTS OF OPERATIONS

The following discussion on the financial operations and performance is based on our restated financial statements for the 2014-15; 2015-16; 2016-17 and 2017-18.

Overview of Our Results of Operations

The following table sets forth select financial data from our restated statements of profit and loss for the financial years ended March 31, 2018, 2017 and 2016 :

(Rs. in Lacs)

Particulars	31.03.18	% of Total income	31.03.17	% of Total income	31.03.16	% of Total income	31.03.15	% of Total income
Income								
Revenue from Operations	3,371.91	99.22%	353.02	96.31%	140.96	57.22%	-	-
Other Income	20.61	0.61%	13.51	3.69%	105.40	42.78%	2.40	100.00%
Total	3,398.52	100.00%	366.53	100.00%	246.36	100.00%	2.40	100.00%
Expenditure								
Cost of Material Consumed	1,712.36	50.39%	133.99	36.56%	177.26	71.95%	-	-
Changes in Inventories of Finished Goods & Work-In-Progress	(441.83)	(13.00%)	(41.68)	(11.37%)	(162.69)	(66.04%)	-	-
Employees Costs	1,216.61	35.80%	650.99	177.61%	633.47	257.13%	194.93	8,122.08%
Manufacturing, Establishment, Administrative, Selling and Other Expenses	1,656.51	48.74%	445.59	121.57%	764.00	310.12%	306.45	12,768.75%
Total	4,143.65	121.93%	1,188.89	324.36%	1,412.04	573.16%	501.38	20,890.83%
PBDIT	(745.13)	(21.93%)	(822.36)	(224.36%)	(1,165.68)	(473.16%)	(498.98)	(20,790.83%)
Depreciation	414.97	12.21%	423.37	115.51%	448.62	182.10%	187.13	7,797.08%
Profit before Interest & Tax	(1,160.10)	(34.14%)	(1,245.73)	(339.87%)	(1,614.30)	(655.26%)	(686.11)	(28,587.92%)
Interest & Finance Charges	516.52	15.20%	348.85	95.18%	73.88	29.99%	402.85	16,785.42%
Net Profit Before Tax and Extraordinary Item	(1,676.62)	(49.33%)	(1,594.58)	(435.05%)	(1,688.18)	(685.25%)	(1,088.96)	(45,373.33%)
Exceptional Items Net (gain)/loss	(81.41)	(2.40%)	(35.90)	(9.79%)	27.75	11.26%	295.10	12,295.83%



Extra ordinary Items	-		-		-			
Profit Before Tax	(1,758.03)	(51.73%)	(1,630.48)	(444.84%)	(1,660.43)	(673.99%)	(793.86)	(33,077.50%)
Less: Provision for Taxes:	-		-		-		-	
Current Tax								
Deferred Tax								
Dividend Distribution Tax								
Net Profit After Tax	(1,758.03)	(51.73%)	(1,630.48)	(444.84%)	(1,660.43)	(673.99%)	(793.86)	(33,077.50%)

Year on Year change

Growth	(Rs. in Lacs)		
	2018	2017	2016
Total Income (Revenue from Operations and Other Income)	3,398.52 [827.21%]	366.53 [48.78%]	246.36 [10,165%]
EBIDTA	(745.13) [9.39%]	(822.36) [29.45%]	(1,165.68) [-133.61%]
PBT	(1,758.03) [-7.82%]	(1,630.48) [1.80%]	(1,660.43) [-109.16%]
PAT	(1,758.03) [-7.82%]	(1,630.48) [1.80%]	(1,660.43) [-109.16%]
Net Worth	(1,777.92) [-3,956.66%]	46.10 [-96.52%]	1,323.33 [3,842.45%]

Comparison of performance for FY 2018 with FY 2017

Total Income

Revenue from Operations: A major portion of the revenue comes from sale of manufactured goods. As shown in the summary of restated financial statements, during the FY 2017-18, our Revenue from Operations increased to Rs. 3,371.91 Lakhs from Rs. 353.02 Lakhs in FY 2016-17 i.e. an increase of 855.16% on YoY basis. Other Income during FY 2017-18 increased to Rs.20.61 Lakhs from Rs.13.51 Lakhs in FY 2016-17 accounting for increase of 52.55% on YoY basis. The company has been on revival mode from FY 2016 and there has been gradual improvement in capacity utilization leading to improvement in the turnover.

Expenditure

Cost of Material Consumed: Our Cost of Material Consumed (including changes in Inventories) has increased to Rs. 1,270.53 Lakhs in FY 2017-18 from Rs.92.31 Lakhs in FY 2016-17 resulting in an increase of 1,276.37% over previous year. This increase is attributable to increase in turnover.

Employee Cost: Our employee expenses have increased to Rs. 1,216.61 Lakhs in FY 2017-18 from Rs. 650.99 Lakhs in FY 2016-17 resulting in an increase of 86.89%. The hike in employee cost was on account of increased production activities and overall increase in business operations.

Other Manufacturing Expenses and establishment and administrative expenses: This head includes expenses on account of power and fuel, lab expenditure, repairs and maintenance including spares and consumables, ETP maintenance and process loss and establishment and administration expenses. Costs related to these items have increased in line with the increase in operating revenue. Total cost incurred



under such activities in FY 2017-18 have increased to Rs. 1,656.51 Lakhs from Rs. 445.59 Lakhs in FY 2016-17.

Depreciation: There has been marginal decrease in depreciation from Rs. 423.37 Lakhs in FY 2016-17 to Rs. 414.97 Lakhs in FY 2017-18 as additions to fixed assets during FY 2018 were lower compared to FY 2017 and such additions have been effected in the latter part of the financial year.

Finance Cost : The overall finance charges during the FY 2017-2018 have increased to Rs. 516.52 Lakhs from Rs. 348.85 Lakhs in FY 2016-17 due to increase in long term borrowings.

Profit/ Loss after Tax (PAT)

The Net Loss for FY 2017-18 was Rs. 1,758.03 Lakhs as compared to loss of Rs. 1,630.48 Lakhs for FY 2016-17.

Comparison of performance for FY 2017 with FY 2016

Total Income

Revenue from Operations: As shown in the summary of financial statements, during the FY 2016-17, our Revenue from Operations has increased to Rs. 353.02 Lakhs from Rs. 140.96 Lakhs in FY 2015-16 i.e. an increase of 150.44% on YoY basis. This increase in revenue was on account of gradual improvement in business operations.

Other Income: Other Income during FY 2016-17 decreased to Rs. 13.51 Lakhs from Rs. 105.40 Lakhs in FY 2015-16 accounting for a decline of 87.18% on YoY basis. Other income largely comprised of sale of raw material scrap, which amounted to Rs. 94.33 lacs in FY 2016. This was owing to scrapping of expired raw materials caused by prolonged closure of our units.

Expenditure

Cost of Material Consumed: This head includes expenses on account of power and fuel, lab expenditure, repairs and maintenance including spares and consumables, ETP maintenance and process loss. Our Cost of Material Consumed (including changes in Inventories) has increased to Rs. 92.31 Lakhs in FY 2016-17 from Rs. 14.57 lakhs in FY 2015-16 resulting in an increase of 533.56% over previous period and this increase is due to corresponding increase in turnover.

Employee Cost : Our employee expenses have increased marginally to Rs. 650.99 Lakhs in FY 2016-17 from Rs. 633.47 Lakhs in FY 2015-16 which was due to normal increase in salaries.

Other Manufacturing Expenses and establishment and administrative expenses: This head includes expenses on account of power and fuel, lab expenditure, repairs and maintenance including spares and consumables, ETP maintenance and process loss and establishment and administration expenses. Total cost incurred under these heads in FY 2016-17 have decreased to Rs. 445.59 Lakhs from Rs. 764 Lakhs in FY 2015-16 i.e. by 41.68% over previous year due decrease in power and fuel expenses and repairs and maintenance. In FY 2016 these expenses were higher as our Company restarted manufacturing operations and non-functional plant and machinery and utilities had to be re-started after prolonged non-use.

Depreciation: There has been marginal decrease in depreciation from Rs. 448.62 Lakhs in FY 2015-16 to Rs. 423.37 Lakhs in FY 2016-17.



Finance Cost: The overall finance charges during the FY 2016-17 have increased to Rs. 348.85 Lakhs from Rs. 73.88 Lakhs in FY 2015-16 on account of increase in long term borrowings.

Profit / Loss after Tax (PAT)

The Loss for Financial Year 2016-17 marginally decreased to Rs. 1,630.48 Lakhs from loss of Rs. 1,660.43 in FY 2015-16. The loss is approximately 445% of the Revenues in FY 2016-17 as compared to 674% in previous year.

Comparison of performance for FY 2016 with FY 2015

Total Income

Revenue from Operations During the FY 2015-16, our revenue from Operations was Rs. 140.96 Lakhs from Nil in FY 2014-15 i.e. an increase of 100% on YoY basis. After the entry of Ipca Laboratories Ltd., as a Promoter of our Company, our business operations re-commenced and as per our agreement with them, we received Rs. 90 lakhs as lease rentals. We also commenced modest manufacturing sales which accounted for Rs. 17.79 lacs. Job work charges and fees for manufacturing services accounted for balance of Rs. 33.17 lacs.

Other Income: Other Income during FY 2015-16 increased to Rs.105.40 Lakhs from Rs. 2.40 Lakhs in 2014-15. Increase in other income was mainly due to sale of raw material scrap.

Expenditure

Cost of Material Consumed : Our Cost of Material Consumed (including changes in Inventories) stood at Rs 14.57 Lakhs in FY 2015-16 from Nil in FY 2014-15 – an increase of 100% over the previous year. This is mainly on account of re-commencement of manufacturing operations.

Employee Cost: Our employee expenses have increased to Rs. 633.47 Lakhs in FY 2015-16 from Rs. 194.93 Lakhs in FY 2014-15, registering an increase of 225% as on YoY basis. The increase is attributable to recommencement of manufacturing operations. It is also to be noted that FY 2014-15 was for a period of 6 months.

Manufacturing, Establishment, Administrative, Selling and Other Expenses: Total cost incurred under mentioned activities in FY 2015-16 have increased to Rs. 764 Lakhs from Rs. 306.45 Lakhs in FY 2014-15, an increase of about 149% over the previous year, which is attributable to recommencement of manufacturing operations.

Depreciation This addition has led to an increase in the depreciation to Rs. 448.62 Lakhs in FY 2015-16 from Rs. 187.13 Lakhs in FY 2014-15 largely attributable to the fact that FY 2014-15 was for period of 6 months.

Finance Cost : The overall finance charges during the FY 2015-16 have decreased to Rs. 73.88 Lakhs from Rs. 402.85 Lakhs in FY 2014-15. The reduction is on account of retirement of high-cost debts following infusion of funds by Ipca Laboratories Ltd.

Profit / Loss after Tax (PAT)

The Loss for Financial Year 2015-16 was Rs. 1,660.43 Lakhs as compared to Rs. 793.86 Lakhs in FY 2014-15, an increase of over 109% over the previous year.



Other statutory information

- **Unusual or infrequent events or transactions**

Our Nellore plant was shut down from November 1, 2013 to December 4, 2014 and the Visakhapatnam plant from March 23, 2013 to September 12, 2014 due to lock-out following agitation from the workmen at respective units. This shut-down has affected the operations of the Company significantly.

- **Significant economic changes that materially affected or are likely to affect income from continuing operations**

Drug Price Control Order has affected viability of certain products which were being earlier manufactured by us on behalf of certain Indian pharma customers and which were discontinued. Other than this, there are no significant economic changes that materially affected our operations or are likely to affect income from continuing operations. Any slowdown in the global economy could affect the business, including the future financial performance, of our company.

- **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

The factors that are likely to have a material impact on sales, revenue or income from continuing operations are described in the section titled "Risk Factors". Other than the Risks disclosed under the said section, no known trends or uncertainties are envisaged or are expected to have a material adverse impact on sales, revenue or income from continuing operations to Company's knowledge.

- **Future changes in relationship between costs and revenues in case of events such as future increase in labor or material cost or prices that will cause material change.**

Currently we are not aware of any likely future changes in relationship between cost and income that would be expected to have a material adverse impact on our operations and revenues. However increase in the cost of the inputs for products in which our Company deals, will affect our profitability in case we are unable to pass on the increase in costs to the customers in full.

- **The extent to which material increases in net sales / revenue is due to increase in sales volume, introduction of new products or services or increased sales prices**

The increase in revenues is on account of resumption of manufacturing activities in our plants following the entry of Ipca Laboratories Ltd., as one of our Promoters. We are manufacturing three products and marketing the same through them.

- **Total turnover of each major industry segment in which the Company operated**

Our company operates only in one industry segment namely, pharmaceutical products.

- **Status of any publicly announced New Products or Business Segment**

We have not announced any new products or business segment. However, one of the objects of this Rights Issue is for setting up facilities to manufacture intermediate for anti-convulsant drug.

- **The extent to which our Company's business is seasonal**



The business area in which we operate is not considered to be seasonal.

- **Any significant dependence on a single or few suppliers or customers**

We are presently dependent on Ipca Laboratories Limited, one of our promoters for nearly 85% of our sales.

- **Competitive conditions**

We face competition from certain Indian pharma manufacturers and Chinese suppliers in respect of our present product line. For more details, please refer the para on Our Products under the Section "Business Overview" on page 91 in this Draft Letter of Offer.



FINANCIAL INDEBTEDNESS

Our Company and Subsidiaries avail loans in the ordinary course of business for the purposes of working capital requirements. For the Issue, our Company has obtained the necessary consents required under the relevant loan documentations for undertaking activities, such as change in its capital structure, change in its shareholding pattern or change or amendment to the constitutional documents of our Company.

Pursuant to a special resolution of our Shareholders passed at the Annual General Meeting held on December 31, 2014, our Board has been authorized to borrow, from time to time, such sums of money as our Board may deem fit for the purpose of the business of our Company, whether secured or unsecured, notwithstanding that the monies to be borrowed, together with the monies already borrowed by our Company (apart from temporary loans obtained or to be obtained from our Company's bankers in the ordinary course of business), would exceed the aggregate of the paid-up capital and free reserves of our Company provided that the total amount which may be borrowed by our Board, and outstanding at any time, shall not exceed Rs. 200 Crores for the time being, including the money already borrowed by our Company.

As on the date of filing of this Draft Letter of Offer, the overall borrowings of our Company do not exceed the overall limit as specified under Section 180(1)(c) of the Companies Act, 2013.

Facilities availed by us

- (a) Our Company had availed long term working capital facility from Export Import Bank of India (Exim Bank) and had executed an agreement on August 4, 2003 in this regard.

Exim Bank had assigned the debt owed to it by us and the underlying Agreements to Edelweiss Asset Reconstruction Company Limited (EARC) and the amount outstanding / payable was settled at Rs. 21.53 Crores to EARC by our Company which was duly recorded in a Settlement Agreement dated September 16, 2014, executed amongst ourselves and EARC. The amount outstanding as on date of this draft Letter of Offer to EARC is Rs. 500 lakhs.

- (b) We have availed Inter Corporate Deposit (ICD) from Ipca Laboratories Limited, one of our Promoters and from Makers Laboratories Limited. Details of ICDs availed are as under :

(Amount Rs. in lakhs)			
Name of the lender	Amount	Interest / terms	Outstanding amount as on date
Ipca Laboratories Limited	47,32,50,000	PLR + 2%; repayable on or before 3 years from disbursement	47,32,50,000
Makers Laboratories Limited	1,00,00,000	PLR + 2%; repayable on or before 3 years from disbursement	1,00,00,000

For further details in relation to the financial indebtedness of our Company please refer to section titled "Financial Statements" beginning on page 171 of this Draft Letter of Offer.



SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

The details of the outstanding litigation or proceedings involving our Company, Subsidiaries, Group Companies Directors and Promoters are described in this section in the manner as detailed below. Except as stated in this section, as of the date of this Draft Letter of Offer, there are no (i) outstanding criminal proceedings involving our Company, Subsidiaries, Group Companies, Directors or Promoters; (ii) actions taken by statutory or regulatory authorities against our Company, Subsidiaries, Group Companies, Directors or Promoters; (iii) outstanding claims involving our Company, Subsidiaries, Group Companies, Directors or Promoters for any direct and indirect tax liabilities; (iv) outstanding material civil litigation involving our Company, Subsidiaries, Group Companies, Directors, and Promoters in terms of the materiality policy; (v) inquiries, inspections or investigations initiated or conducted under the Companies Act against our Company and Subsidiaries in the last five years immediately preceding the year of this Draft Letter of Offer, and if there were prosecutions filed (whether pending or not); (vi) fines imposed or compounding of offences for our Company and Subsidiaries under the Companies Act in the last five years immediately preceding the year of this Draft Letter of Offer; (vii) litigation or legal action pending or taken against our Promoters by any ministry or Government department or statutory authority during the last five years immediately preceding the year of this Draft Letter of Offer and any direction issued by such ministry or department on conclusion of such litigation or legal action; (viii) material frauds committed against our Company in the last five years immediately preceding the date of this Draft Letter of Offer; (ix) any other litigation involving our Company, Subsidiaries, Group Companies, Directors, Promoters or any other person, whose outcome could have a material adverse impact on our Company; (x) outstanding dues to small scale undertakings and other creditors of our Company, (xi) pending proceedings initiated against our Company for economic offences and (xii) defaults and non-payment of statutory dues.

Further, it is clarified that for the purpose of the above, pre-litigation notices received by our Company, Subsidiaries, Group Companies, Directors or Promoters, from third parties (excluding statutory / regulatory authorities or notices threatening criminal action) shall, in any event, not be evaluated for materiality until such time that our Company, Subsidiaries, Group Companies, Directors or Promoters are impleaded as defendants in litigation proceedings before any judicial forum.

I. Litigation involving our Company

A. Outstanding criminal litigation involving our Company

a) Criminal proceedings against our Company

Serial	Name of the party	Amount Involved (Rs.)	Court at which case is filed	Description of the case	Status
1	Karam Chand Thapar & Bros (Coal Sales) Limited	62,43,195	8th Metropolitan Magistrate, Kolkata	Case filed by the creditor under Section 138 of the Negotiable Instruments Act, 1881 for cheque bouncing.	The company has negotiated with the creditor for settlement and concluded the discussions for entering into MOU to pay an amount of Rs. 45 lakhs in two instalments as full and final settlement. Of this, the first



					instalment of Rs. 22.50 lakhs has been paid on August 28, 2018. Second instalment is due in December 2018.
2	Coastal Energy Private Limited	97,79,140	Metropolitan Magistrate Court, Egmore, Chennai	Case filed by the creditor under Section 138 of the Negotiable Instruments Act, 1881 for cheque bouncing.	The company is negotiating with the party for full and final settlement. Further hearing of the case posted on January 8, 2019
3	Drugs Inspector, State of Andhra Pradesh	-	ADM Court, Kovur	Case filed by Drug Department. The company was contract manufacturing a drug for Ranbaxy which required approval/ Licence from Drug Department and since Ranbaxy had not obtained the license, the case has been filed by the Department on Ranbaxy and Krebs has been made as a party.	Posted for hearing on September 28, 2018
	Total	1,60,22,335			

b) *Criminal proceedings by our Company*

There are no outstanding criminal proceedings initiated by our Company.

B. Outstanding civil litigation involving our Company

a) *Civil proceedings against our Company*

Serial	Name of the party	Amount Involved (Rs.)	Court at which case is filed	Description of the case	Status
1	Bharat Jyoti Impex	10,98,163	High Court of AP & Telangana	Winding Up petition filed by creditor for recovery of dues.	The case is pending with High Court.
2	Sparchem	28,57,849			
3	Aurobindo Pharma Ltd	1,06,95,304.01			
4	Trident Chemphar Ltd	2,30,69,700			
5	Om Sai Professional Detective Security	22,97,937.51			



Serial	Name of the party	Amount Involved (Rs.)	Court at which case is filed	Description of the case	Status
6	Niram Chemicals	3,36,572			
	Total	4,03,55,525.52			
7	Sarita Sugars Limited	40,37,573	High Court of AP & Telangana	Commercial dispute in respect of profit sharing on operation of sugar factory of SSL, referred to arbitration; award appealed by SSL. The status of the appeal as on date is pending	
8	Tolani Chemicals	4,44,040	City Civil Court, Mumbai	Suit filed by the creditor for recovery of dues	Further hearing posted on 25.10.2018
9	Tirupati Polymers	8,69,530	III Sr. Civil Judge, City Civil Court, Secunderabad	Case filed by the creditor for recovery of dues.	Decreed with costs for Rs.8,69,530/- on 29.04.16; execution pending; matter under negotiation with party.
10	H S Containers Private Limited	6,89,042	IV Sr Civil Judge, City Civil Court, Hyderabad	Case filed by the creditor for recovery of dues.	Decreed with costs for Rs. 6,89,042 on 2.01.2017. execution pending; matter under negotiation with party.
11	Sterling Auxiliaries Pvt Ltd	1,73,402	City Civil Court, Dindoshi, Mumbai	Case filed by the creditor for recovery of dues.	Disposed off with costs of 1,73,402/- Principal with 12% interest from 2012 on 02.05.2017 execution pending; matter under negotiation with party.
12	Rolon Seals	5,09,712	I Sr. Civil Judge, City Civil Court, Hyderabad	Case filed by the creditor for recovery of dues.	Decreed with costs for 5,09,712 on 29.04.2016. execution pending; matter under negotiation with party.
13	Asseal India Private Limited	6,74,578	CJJD Court, Bor	Case filed by the creditor for recovery of dues.	Decreed with costs for Rs. 6,74,578 on 30.04.2017 execution pending; matter under negotiation with party.

b) *Civil proceedings by our Company*

Serial	Name of the party	Amount Involved (Rs.)	Court at which case is filed	Description of the case	Status
1	N V R Co-op Sugars Limited	1,21,33,000	Civil Civil Court, Hyderabad	<i>Our Company had won bid floated by the Government for sale of NVR Co-op Sugars Ltd. We also incurred certain capital expenditure on this company. Upon change in the Government, the bid was cancelled. While the bid amount spend was received by us, we are yet to recover the amount spend towards capital expenditure</i>	Posted for hearing on 29.10.2018
2	Zanza Laboratories	73,17,387	III Addl. Chief Judge, City Civil Court, Hyderabad	Case filed by the company for recovery of dues	Decree passed with costs for an amount of USD 1,06,792 at an interest of 6% p.a till realisation. Order needs to be executed in UK.
3	Cathy Pacific Airways	NA	City Civil Court, Hyderabad	Case filed by the company for recovery of dues.	Special complaint to be filed with the Court as the case file was missing.

c) *Arbitration*

Serial	Name of the party	Amount Involved (Rs.)	Court at which case is filed	Description of the case	Status
1	Mylan Laboratories Limited	Not available	Justice Vaman Rao	Arbitration case between Mylan Laboratories Limited and Krebs Biochemicals & Industries Limited	Further hearing on 15 th October 2018.

C. Action by statutory or regulatory authorities against our Company



Due to delay in submission of certain reports in compliance with the erstwhile Listing Agreement with the Stock Exchange, BSE had imposed a penalty of Rs. 3.30 lakhs (December 2013 to March 2015). The entire amount has since been paid by our Company.

SEBI vide its letter dated October 26, 2015 issued warning to our Company, our promoters Dr. R. T. Ravi, Mr. Avinash Ravi and some members of their Promoter Group to adhere caution in future to ensure compliance with all applicable provisions of SEBI (SAST) Regulations failing which action would be initiated in accordance with the provisions of Takeover Regulations.

D. Labour cases - Unit 1 (Nellore)

- Payment of Wages**

Nature of dispute and background of the case	Liability	Periods to which the amounts relate	Forum where the dispute is pending	Status
Payment of Wages (PW) case 1/2014 filed with Joint Commissioner of Labour (JCL), Nellore by 164 employees		November'12 to October'13	JCL, Guntur	There was delay in paying the workmen wages due to closure of plant and the employees filed case with the Labour Court. After re-opening of the plant the company has cleared dues of 133 employees and have submitted with the JCL that the company has already cleared the dues of 133 employees and to consider the merits of the case. As on date the company is pursuing the matter in the court
PW MP 5/2017 filed by Commando Security Service Security Guards 21 persons		April'2013 to December'2013	Joint Commissioner of Labour, Guntur	Due to some discrepancies with the party, payments were held up and the issue has been admitted to labour court by their employees against non-payment of wages by their contractor. Hence, negotiations relating to 3 parties are under process before the labour court. Next hearing date yet to be announced



• Payment of Gratuity

Nature of dispute and background of the case	Liability	Periods to which the amounts relate	Forum where the dispute is pending	Status
Complainant : Mr. J Shankar Rao	As per Claim Rs. 1,50,885/-. Legal Notice dated 01/12/2017 As per our Record Rs. 78,046/-.	03.10.93 to 28.06.2013. Retired on 01.07.2014.	Legal Notice received on 28/12/2016 from J. Shankar Rao. Advocate demanded costs from us of Rs. 1,000/-.	Due to delay in payment initially, the ex-employee has filed a case before the Controlling Authority under PG Act. But he claimed for Rs.1,50,885/- whereas the actual amount of Rs. 78,046/- as per records to be paid him. Hence negotiations are under process before Labour Court. The matter is posted for hearing on 15.10.2018
Gratuity amount of Mr. Koppala Venkateswarlu, Sr .Manager	As per Claim Rs.1,81,650/-. Legal Notice dt. 22.01.18.As per our Record Rs. 61,228/-.	As per the legal notice he resigned on 18/05/2013	Legal Notice received from Koppala Venkateswarlu. Advocate demanded costs from us of Rs. 1,000/-.	Due to delay in payment initially, the ex-employee has filed a case before the Controlling Authority under PG Act. But he claimed for Rs.1,81,650/- whereas the actual amount of Rs. 61,228/- as per records to be paid him. Hence negotiations are under process before Labour Court. The matter is posted for hearing on 15.10.2018
Gratuity amount of Mr. M. Sudhakar Reddy, Sr. Operator	As per Claim Rs. 1,09,905/-. Legal Notice dt. 22.01.18. As per our Record Rs. 66,339/-.	As per the legal notice he resigned on 04/06/2012	Legal Notice received from M. Sudhakar Reddy. Advocate demanded costs from us of Rs. 1,000/-.	Due to delay in payment initially, the ex-employee has filed a case before the Controlling Authority under PG Act. But he claimed for Rs.1,09,905/- whereas the actual amount of Rs. 66,339/- as per records to be paid him. Hence, negotiations are under process before Labour Court The matter is posted for hearing on 15.10.2018



Nature of dispute and background of the case	Liability	Periods to which the amounts relate	Forum where the dispute is pending	Status
Gratuity amount and unpaid salary of Mr. G. Srinu, Manager-commercial	As per Claim Rs. 1,78,800/-. Legal Notice dt. 23.01.18. As per our Record Rs. 78,462/-.	As per the legal notice he resigned his job on 21.12.2013	Legal Notice received from G. Srinu. Advocate demanded costs from us of Rs. 1,000/-.	Due to delay in payment initially, the ex-employee has filed a case before the Controlling Authority under PG Act. But he claimed for Rs.1,78,800/- whereas the actual amount of Rs. 78,462/- as per records to be paid him. Hence, negotiations are under process before Labour Court. The matter is posted for hearing on 15.10.2018
Gratuity and Unpaid salary of Mr. U. Anjaiah	As per Claim Rs.1,66,275/-. Legal Notice dtd.22.01.18. As per our Record Rs.53,714/-.	As per the legal notice he resigned his job on 17.08.2015	Legal notice received from U. Anajaiah. Advocate demanded costs from us of Rs.1000/-.	Due to delay in payment initially, the ex-employee has filed a case before the Controlling Authority under PG Act. But he claimed for Rs.1,66,275/- whereas the actual amount of Rs. 53,714/- as per records to be paid him. Hence, negotiations are under process before Labour Court. The matter is posted for hearing on 15.10.2018
Gratuity and unpaid salary of Mr. M. Harinarayana, Sr. Production Manager	As per Claim Rs.5,51,250/-. Legal Notice dtd.22.01.18.As per our Record Rs.1,75,440/-.	As per the legal notice he resigned his job on 17.08.2015	Legal notice received from M. Harinarayana. Advocate demanded costs from us of Rs.1000/-.	Due to delay in payment initially, the ex-employee has filed a case before the Controlling Authority under PG Act. But he claimed for Rs. 5,51,250/- whereas the actual amount of Rs. 1,75,440/- as per records to be paid him. Hence, negotiations are under process before labourt. The matter is posted for hearing on 15.10.2018
Gratuity and unpaid salary of Mr. Khaja Mohiddin, Driver	As per Claim Rs. 65,130/-. Legal Notice dtd.22.01.18.As	As per the legal notice he resigned his job on 31.12.2014 and	Legal notice received from Khaja Mohiddin. Advocate demanded costs	Due to delay in payment initially, the ex-employee has filed a case before the Controlling Authority



Nature of dispute and background of the case	Liability	Periods to which the amounts relate	Forum where the dispute is pending	Status
	per our Record Rs.26,017/-.	continued his service upto 30.11.2016	from us of Rs. 1,000/-.	under PG Act. But he claimed for Rs. 65,130/- whereas the actual amount of Rs. 42,278/- as per records to be paid him. Hence, negotiations are under process before Labour Court The matter is posted for hearing on 15.10.2018
Gratuity amount of Mr. S. Prabhakar Rao, Electrician/DG Operator.	As per Claim Rs. 39,150/-. Legal Notice dtd.22.01.18. As per our Record Rs.26,615/-.	As per the legal notice he resigned on 15/01/2010	Legal Notice received from Mr. S. Prabhakara Rao. Advocate demanded costs from us of Rs. 1,000/-.	Due to delay in payment initially, the ex-employee has filed a case before the Controlling Authority under PG Act. But he claimed for Rs. 39,150/- whereas the actual amount of Rs.25,615/- as per records to be paid him. Hence, negotiations are under process before Labour Court. The matter is posted for hearing on 15.10.2018
Gratuity amount of Mr. M. Tirupathi Naidu, Sr. Assistant, HR Department,	As per Claim Rs.40,230/-. Legal Notice dtd.22.01.18. As per our Record Rs.28,926/-.	Resigned & Relieved on 28.02.11	Legal Notice received on 27.01.18	Due to delay in payment initially, the ex-employee has filed a case before the Controlling Authority under PG Act. But he claimed for Rs. 40,230/- whereas the actual amount of Rs. 28,926/- as per records to be paid him. Hence, negotiations are under process before Labour Court. The matter is posted for hearing on 15.10.2018



Labour cases - Unit 2 (Visakhapatnam)

Nature of dispute and background of the case	Liability	Forum where the dispute is pending	Status
Complainant : T Shanmukha Rao Lawyer Notice Dt.20/03/2017 Case filed by the ex-employee on non-payment of gratuity.	Rs. 2,53,246	Labour Court	Pending Next hearing is scheduled to 29.09.2018
Complainant : Malla Bhaskar Rao JCL Notice Dt. 15.09.2017 Case filed by the ex-employee on non-payment of gratuity.		JCL Office Visakhapatnam	Pending Next hearing : 28.09.2018
Complainant : M. Srinivasulu Rc.No.A/243/2018 Case filed by the ex-employee on non-payment of gratuity.		Asst. Commissioner of Labour, Narsipatnam	Last hearing on May 5, 2018. Next hearing is yet to be scheduled
Complainant : K. Madhan Kumar Case filed by the ex-employee on non-payment of gratuity.		Asst. Commissioner of Labour, Narsipatnam	Matter Pending. Last hearing on 23/06/2018. Next hearing is yet to be scheduled

E. Tax proceedings involving our Company

Department	Nature of dispute	Liability / (refund) - Rs.	Period for which the amounts relate	Forum where the dispute is pending	Status
Income Tax	ITTA No.30 of 2009:- A.O contended in the above case:- (i) Disallowance of Sales Tax Deferment u/s 43B. (ii) Disallowance of Sales Tax Deferment u/s 43B not considered as profit from business for arriving at the deductions under Chapter VIA. (iii) Restriction of claim u/s 80IB by reducing export incentives from the total	(74,307)	2002-03	High Court Appeals - Income Tax	Pending.



Department	Nature of dispute	Liability / (refund) - Rs.	Period for which the amounts relate	Forum where the dispute is pending	Status
	turnover and then allowing deduction u/s 80IB. (iv) Restriction of claim u/s 80HHC by reducing the deduction u/s 80IB from the profits of the business for calculating deduction u/s 80HHC				
Income Tax	ITTA No.31 of 2009:- A.O contended in the above case:- (i) Disallowance of Sales Tax Deferment u/s 43B (ii) Disallowance of Sales Tax Deferment u/s 43B not considered as profit from business for arriving at the deductions under Chapter VIA. (iii) Restriction of claim u/s 80IB by reducing export incentives from the total turnover and then allowing deduction u/s 80IB (iv) Restriction of claim u/s 80HHC by reducing the deduction u/s 80IB from the profits of the business for calculating deduction u/s 80HHC	1,97,28,131	2003-04	High Court Appeals - Income Tax	Waiting for Listing of case in the High Court.
Income Tax	ITTA No.32 of 2009:- A.O contended in the above case (i) Restriction of claim u/s 80IB by reducing export incentives from the total turnover and then allowing deduction u/s 80IB (ii) Restriction of claim u/s 80HHC by reducing the deduction u/s 80IB from the profits of the business for calculating deduction u/s 80HHC	96,74,080	2004-05	High Court Appeals - Income Tax	Pending.

Justification from our end for High Court appeals for AY 2002-03,2003-04,2004-05:

(A) As per CBDT Circular no. 37/2016 dated 02nd November 2016, CBDT has accepted the settled position that the disallowances made under section 32, 40(a)(ia), 40A(3), 43B etc of the act and other specific disallowances, related to the business activity against which the Chapter VI-A deduction has been claimed, result in enhancement of the profits of the eligible business, and that deduction under Chapter Vi-A is admissible on the profits so enhanced by the Disallowance. Further it has

- been instructed that appeals may not be filed on this ground by officers of the Department and appeals already filed in Courts / Tribunals may be withdrawn / not pressed upon.
- (B) In the case of Meghalaya Steels vs CIT, the Hon'ble Supreme Court held that income from cash assistance according to section 28(iii)(b) of the income tax act states that income from cash assistance by whatsoever name called, received or receivable by any person against exports under any scheme of the Government of India, will be income chargeable to income tax under the head profits and gains of business or profession. As such, export incentives received by us need not be reduced from profits to claim deduction under Section 80IB.
- (C) In the case of Micro Labs Ltd vs ACIT, Hon'ble Justice Deepak Misra observed that though section 80IA(9) stipulates that in no case deduction shall exceed profits and gains of such eligible business of the undertaking and enterprise, the said provision does not make a reference to the gross total income but it refers to the profits and gains of such eligible business. Computation of deduction is a stage prior and helps in quantifying the amount, which is eligible for deduction. Section 80IA(9) does not bar or prohibit the deduction allowed under section 80IA from being included in the Gross Total Income, when deduction u/s 80HHC(3) of the act is computed. In this context it is held that the expression "shall not be allowed" cannot be equated with the words "shall not qualify" or "shall not be allowed" in computing deduction. The effect thereof would be that while computing deduction u/s 80HHC, the gross total income would mean the gross total income before allowing any deduction u/s 80IA or other sections of part C of the Chapter VI-A of the act. But once the deduction u/s 80HHC has been calculated, it will be allowed, ensuring that the deduction under 80HHC and 80IA when aggregated do not exceed profits and gains of such eligible business of undertaking and enterprise.
- (D) After considering the above Circular & Judgements net Tax payable will be Rs.2,41,148/- as against Rs.2,93,27,898/-

Department	Nature of dispute	Liability / (refund) - Rs.	Period for which the amounts relate	Forum where the dispute is pending	Status
Income Tax	ITA No.0151/DCIT, Cir.2(1)/2016-17 Appeal was filed against order issued u/s143(3) by Deputy CIT on which the deduction of Sec.68 for unexplained income of Rs.28,50,000/- has been disallowed by department which has to be allowed since it is the advance received against scrap sale. Demand was raised in the order u/s 154 which was passed on 31.03.2016 for an amount of Rs.11,97,700/-	-	2013-14	Commissioner of Income Tax (Appeals) - 9, Hyderabad	Order passed by CIT(A) u/s 143(3) in which the appeal has been dismissed dated 07.07.2017 which was received on 03.10.2017. Appeal has filed to ITAT on 22/11/2017. ITAT has admitted the appeal and fixed for hearing before Div Bench-B at 10.30am on 26/04/2018. On 26.-04-2018 Appeal has been adjourned to January 2019
Income Tax	We filed an appeal to CIT(A) against the order of	42,90,930	2014-15	Deputy Commissioner of Income Tax,	Have filed an appeal in form 35 with



	<p>AO dt.25.10.2016 disputing the following:-</p> <p>(i) U/s 68 Unexplained Income of Rs.9,38,500/-</p> <p>(ii) U/s 68 Unexplained income of Rs.1,02,57,335/-</p> <p>(iii) As per 26AS Difference in gross receipts Rs.22,43,703/-</p> <p>Urged CIT(A) to direct assessing authority to pass rectification order by considering the statement of facts.</p>			Circle - 2(1), Hyderabad.	Commissioner of Income Tax- Appeals-II on 24-11-2016. CIT (Appeals) have fixed for hearing and disposal on 20/02/2018 at 5.30pm at 3rd floor, B Block, I.T Towers, Masab Tank, Hyderabad Next date of hearing yet to be announced.
		3,36,18,834			

Central Excise and Service Tax cases under appeal

Department	Nature of dispute	Liability / (refund) - Rs.	Period for which the amounts relate	Forum where the dispute is pending	Status
Central Excise	<p>1) Clearance of Goods without payment of duty by way of Non Accountal/Improper Accountal of Particulars of production/Clearances in RG1 register/Daily Stock Account. Assessable value of goods are INR.1,60,01,800/-, the goods are 500kgs of DL-Psedo Ephedrine, 950kgs of Ephedrine, 907.4kgs of DL-Ephedrine.</p> <p>a) Duty demanded INR.26,37,097/-,</p> <p>b) Penalty imposed equivalent to the duty of INR.26,37,097/-, which is not paid by reason of fraud and suppression of facts,</p> <p>c) Interest at the applicable rates on the amount of duty demanded.</p> <p>2) Confiscated the quantity of 700kgs of Ephidrine, 850kgs of Acetic Anhydride, 37000kgs of DL-Psedo Ephdrine base seized by the officers of DRI on 16-09-2008 total assessable value of goods INR.1,64,75,861/- . Imposed Redemption fine of INR.40,00,000/- to redeem the same.</p> <p>3) Penalty imposed on KBIL INR.20,00,000/- under rule 25 of the Central Excise rules 2002.</p> <p>4) Penalty imposed on Dr.R.T.Ravi MD of KBIL INR.5,00,000/- under rule 26 of the Central Excise rules 2002</p>	1,12,74,194	FY 2008-09	CESTAT Regional Bench, Hyderabad	Pending



We have noted from public domain that certain cases are listed as pending before Hon. High Court and other legal forums involving our Company, details of which are not available with us. The details as obtained from the public domain is reproduced below. Our Company is making efforts to ascertain the exact status of these cases.

Serial	Case No	Petitioner Name	Respondent Name
1	WP 16438/ 2007	KREBS BIOCHEMICALS & INDUSTRIES LIMITED	LABOUR COURT, GUNTUR & ANOTHER,
2	WP 12934/ 2008		LABOUR COURT, GUNTUR DIST. & ANO.
3	WP 2245/ 2008		LABOUR COURT, GUNTUR BY PRESIDING OFFICER & ANOTHER
4	WP 2254/ 2008		LABOUR COURT,GUNTUR & ANOTHER
5	WP 26367/ 2007		LABOUR COURT, GUNTUR BYPRESIDING OFFICER & ANOTHER
6	ITTA 32/ 2009		DY.COMMISSIONER OF INCOME TAX
7	WP 2247/ 2008		LABOUR COURT, GUNTUR & ANOTHER
8	WP 26382/ 2007		LABOUR COURT, GUNTUR & ANOTHER
9	WP 20366/ 2007		LABOUR COURT, GUNTUR & ANOTHER
10	WP 2238/ 2008		LABOUR COURT, GUNTUR BY PRESIDING OFFICER & 4 OTHERS
11	WP 2229/ 2008		LABOUR COURT, GUNTUR BY PRESIDING OFFICER & ANOTHER
12	WP 26366/ 2007		LABOUR COURT, GUNTUR BY PRESIDING OFFICER & ANOTHER
13	WP 26360/ 2007		LABOUR COURT, GUNTUR BY PRESIDING OFFICER & ANOTHER
14	WP 26371/ 2007		LABOUR COURT, & ANOTHER
15	WP 20394/ 2007		LABOUR COURT, GUNTUR & ANOTHER
16	WP 26370/ 2007		LABOUR COURT, REP. BY P.O. GUNTUR & ANOTHER
17	WP 26372/ 2007		LABOUR COURT, GUNTUR REP BY PRESIDING OFFICER, & ANOTHER
18	WP 26368/ 2007		LABOUR COURT, & ANOTHER,
19	WP 17925/ 2007		LABOUR COUT, GUNTUR & ANOTHER
20	WP 20426/ 2007		LABOUR COURT, GUNTUR & ANOTHER
21	WP 13659/ 2013		PRESIDING OFFICER, DELHI & 2 OTHERS
22	TRC 214/ 2002		STAT,HYD
23	ITTA 30/ 2009		DY. COMMISSIONER OF INCOME TAX,
24	SA 360/ 2008	EDUPUGANTI NARASIMHA RAO	KREBS BIOCHEMICALS & INDUSTRIES LIMITED
25	CP 185/ 2011	MICRO DYNAMICS PVT.LTD.	

District Court cases - Respondent : Krebs Biochemicals & Industries Limited

CINO	Petitioner Name	Case Type Case No Case Year
TSHCO10049882016	Sohil Pharma proprietrix Harish Shriyan	EP/800197/2016
MHMM190116712006	MRS. RAJNI PARULEKAR	SS/4400866/2006



F. Proceedings initiated against our Company for economic offences

As of the date of this Draft Letter of Offer, there have been no proceedings initiated against our Company for economic offences

G. Details of fines imposed or compounding of offences under the Companies Act in the last five years immediately preceding the year of this Draft Letter of Offer

There have been no fines imposed on our Company or compounding of offences by our Company under the Companies Act in the last five years immediately preceding the date of this Draft Letter of Offer.

H. Material frauds against our Company in the last five years immediately preceding the year of this Draft Letter of Offer

As of the date of this Draft Letter of Offer, there have been no material frauds committed against our Company in the last five years

I. Details of any inquiry, inspection or investigation initiated or conducted under the Companies Act in the last five years immediately preceding the year of this Draft Letter of Offer and if there were prosecutions filed (whether pending or not)

There have been no inquiries, inspections or investigations initiated or conducted under the Companies Act in the last five years against our Company

J. Outstanding dues to small scale undertakings or any other creditors

As of July 31, 2018, we had totally 180 creditors and the aggregate amount outstanding to such creditors as on July 31, 2018 was Rs. 20,39,77,922.

The break-up of creditors on value basis was as under:

No. of Creditors	Value range	Amt in Rs.
2	2 crores & above	4,84,87,372
1	> 1 cr to 2 crore	1,06,95,304
7	> 50 lacs to 1 crore	5,24,38,427
9	> 20 lacs to 50 lacs	2,47,25,656
18	>10 lacs to 20 lacs	2,43,85,373
22	> 5 lacs to 10 lacs	1,57,79,904
121	Upto 5 lacs	2,74,65,886
180		20,39,77,922

In the absence of information available with us, dues outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006, as of July 31, 2018 cannot be ascertained.



K. Outstanding litigation involving any other persons or companies whose outcome could have an adverse effect on our Company

There is no outstanding litigation against any other persons or companies whose outcome could have an adverse effect on our Company.

II. Litigation involving our Group companies

A. Outstanding criminal litigation involving our Group Company

a) *Criminal proceedings against our Group Company*

There are no outstanding criminal proceedings against our Group Company.

b) *Criminal proceedings by our Group Company*

There are no outstanding criminal proceedings initiated by our Group Company.

B. Outstanding civil litigation involving our Group Company

a) *Civil proceedings against our Group Company*

There are no outstanding civil proceedings against our Group Company.

b) *Civil proceedings by our Group Company*

There are no outstanding civil proceedings initiated by our Group Company.

III. Litigation involving our Directors

A. Outstanding criminal litigation involving our Directors

a) *Criminal proceedings against our Directors*

1. C.C.No.59/2011 on the file of Addl. Judicial Magistrate, First Class, Kovur, Nellore District. This case was registered on the basis of a private complaint filed by one Mr. Venkaiah who sold his perpetual lease hold rights of land situated at Damavaram Vilalge. Consequent to escalation of prices he filed false case of trespass against Dr. R.T. Ravi and Mr. Avinash Ravi, our Promoters / Directors. The Directors filed a quash petition before High Court in CrI.P. 3673/2011 and the Hon'ble Court granted stay of proceedings and the case is pending for final hearing.
2. Criminal complaint of 2011 was filed by MRO, Dagadarthi with regards to the land in Damavaram Village alleging trespass by Dr. R. T. Ravi and that land belonged to government. However the honourable high court held in W.P. 46/2009 filed by



Dr. R.T. Ravi, our Promoter / Director, that the lands held by Ryots are not government lands which would prove that government filed a false case.

3. S.C.no. 214/2009 in the file of Metropolitan Sessions Judge , Hyderabad is pending against Dr. R.T. Ravi, our Promoter / Director on the allegation that a controlled substance Ephedrine is sold to third parties who misused it. However, our Company was having licence for procuring Ephedrine for medical purpose and there was no illegal sale. Case is pending in trail

b) *Criminal proceedings by our Directors*

There are no outstanding criminal proceedings initiated by our Directors.

B. Outstanding civil litigation involving our Directors

a) *Civil proceedings against our Directors*

There are no outstanding civil proceedings against our Directors.

b) *Civil proceedings by our Directors*

On the file of Senior Civil Judge, Kovur, SPSR, Nellore District filed against the farmers. W.P. No 11102/18 filed against Ryots and the Government of Andhra Pradesh.

During the year 1999-2000 Dr. R.T. Ravi and Mr. Avinash Ravi, our Promoters / Directors purchased perpetual lease hold rights in Survey No1/1 of Damavaram from the farmers of Damavaram village, Dagadathi Mandal, Nellore District and the agreed purchase consideration was paid to the respective sellers / farmers. Having received the sale consideration, the farmers did not come forward to register the sale deeds in favour of Dr. R.T. Ravi and Mr. Avinash Ravi. In the meanwhile, the Government of A.P. proposed to establish Airport at Damavaram. The Government also disputed the title of the Ryots and passed orders cancelling the perpetual lease hold rights of Ryots. To protect their property rights Dr. R.T. Ravi and Avinash Ravi filed suits and writ petition no.11102/2018 against the Ryots and also against the Government of A.P. The Hon'ble High Court Granted status quo orders in favour of Dr. R.T. Ravi and Mr. Avinash Ravi.

IV. Litigation involving our Promoters
A. Outstanding criminal litigation involving our Promoters
a) Criminal proceedings against our Promoters
Ipca Laboratories Limited

Case no / Court	Parties	Facts of the case	Current Status	Next hearing date
Court of Chief Metropolitan Magistrate / Criminal Case No. 13/1/14 of 2014	Socio Political Observer of India v/s. Ipca, Managing Director (Ipca), A. K. Jain (Joint Managing Director), M. R. Chandurkar (erstwhile Managing Director), Pranay Godha - Executive Director and another.	Formulation label claim matter	Formulation label claim matter - Proceedings stayed by Hon'ble Delhi High Court	25-02-2019
Criminal M.C. No. 4708 of 2014	Ipca Laboratories Ltd. v/s Socio Political Observer of India	Petition for quashing of formulation label claim criminal case matter in Chief Metropolitan Magistrate court Delhi - proceedings stayed by Delhi High Court	High Court admitted the case and stayed the proceedings before the lower court - Court of Chief Metropolitan Case No. 13/1/14 of 2014	21-02-2019
Court of Chief Metropolitan Magistrate, New Delhi	Socio Political Observers of India v/s AstraZenica Pharma India Limited & others. Ipca is arrayed as 6 th accused.	Formulation Label claim matter. Formulation manufactured by Ipca for AstraZenica Pharma India Ltd.		25-02-2019

Consumer court cases

Case no / Court	Parties	Facts of the case	Current Status	Next hearing date
District Consumer Forum Nashik/ Consumer Case No. 09-13	Pranav Deepak Mahajan and others v/s. Dr. Manohar Nehete, More Accident Hospital, Ipca Laboratories Ltd.	Medical Negligence Case	The Petitioner has made Ipca a party because the medicine wrongly prescribed to him by the doctor is manufactured by the Company. Patient was allergic to Sulpa drug and the	



Case no / Court	Parties	Facts of the case	Current Status	Next hearing date
			doctor who is the first defendant, prescribed the patient Sulpha drug manufactured by Ipca. Claim is of Rs. 15 lacs. Matter going on.	
District Consumer Redressal Forum, Morena (MP) Appeal 191 of 2007	Mahendra Kumar Jain v/s Ipca Laboratories Limited	Consumer complaint alleging defects in formulation manufactured by Ipca	The Consumer Forum has awarded damages of Rs. 50,000/- to the complainant and the Company has appealed in the appropriate forum against this award. The matter is pending before the Appellate Forum	

b) *Criminal proceedings by our Promoters*

There are no outstanding criminal proceedings initiated by our Promoters.

B. Outstanding civil litigation involving our Promoters

Civil proceedings against our Promoters

Ipca Laboratories Limited – Labour cases

Case No. / Court	Parties	Facts of the case	Current Status	Last date of hearing	Next date of hearing
Civil Suit/239/2017 - Addl. Civil Judge, Dera Bassi	S.K.Mehta v/s Ipca	Reinstatement of dismissed employee	On-going	18/08/2018	Date not received
WP/9290/2018 - High Court, Jaipur	Girwar Singh v/s Ipca & Anr	Petition against retrenchment	On-going	27/08/2018	Date not received
WP/8555/2011 - High Court, Mumbai	Ipca Mahad unit v/s General Mazdoor Sabha	Reinstatement of dismissed workers - Writ Petition against order of Labour Court for reinstatement	Pending	18/04/2013	
IDA/01/2018 - Labour Court, Mahad	A.K.Jadhav v/s Mahad Manufacturing Unit	Dispute raised by reinstated worker to pay wages at par	On-going	04/08/2018	02/11/2018



Case No. / Court	Parties	Facts of the case	Current Status	Last date of hearing	Next date of hearing
IDA/02/2018 - Labour Court, Mahad	M.R.Kakade v/s Mahad Manufacturing Unit	Dispute raised by reinstated worker to pay wages at par	On-going	04/08/2018	02/11/2018
IDA/03/2018 - Labour Court, Mahad	R.S.Katale v/s Mahad Manufacturing Unit	Dispute raised by reinstated worker to pay wages at par	On-going	04/08/2018	02/11/2018
IDA/04/2018 - Labour Court, Mahad	G.M.Vadake v/s Exon Manufacturing Unit	Dispute raised by reinstated worker to pay wages at par	On-going	04/08/2018	02/11/2018
AC/817/2013 - Supreme Court, Delhi	Ipca v/s Krantikari Kamgar Union & Ors	Workers Settlement dispute	Pending	21/04/2016	Date not received
AC/818/2013 - Supreme Court, Delhi	Ipca v/s Krantikari Kamgar Union & Ors	Workers Settlement dispute	Pending	21/04/2016	Date not received
AC/820/2013 - Supreme Court, Delhi	Ipca v/s Krantikari Kamgar Union & Ors	Workers Settlement dispute	Pending	21/04/2016	Date not received
CAW/102/2012 - High Court, Mumbai	Krantikari Kamgar Union v/s Ipca & Ors	Workers Settlement dispute, where Supreme Court passed interim order to continue with the reference	Pending	19/01/2012	Date not received
WP/1264/2011 - High Court, Mumbai	Krantikari Kamgar Union v/s Ipca & Ors	Workers Settlement dispute, challenging order of Indl. Tribunal, Silvassa	Pending	09/01/2012	Date not received
WP/7163/2018 - High Court, Mumbai	Ipca v/s Krantikari Kamgar Union	Workers Settlement dispute, challenging interim relief	On-going	18/07/2018	27/02/2019
WPST/22197/2018 - High Court, Mumbai	Krantikari Kamgar Union v/s Ipca	Workers Settlement dispute, to pay Rs.8,500/-pm per worker	Yet to be listed		Date not received
WPST/ /2018 - High Court, Mumbai	Ipca v/s Ram Naresh Singh	Petition against dismissed worker - Sexual Harassment	Case to be filed		Date not received
CAL/170/2011 - High Court Mumbai	Awadesh & Ors v/s Ipca & Ors	Dismissed worker	Pending	22/04/2014	Date not received
CAL/228/2011 - High Court, Mumbai	Awadesh & Ors v/s Ipca & Ors	Dismissed worker	Pending	22/04/2014	Date not received
LPA/83/2010 - High Court, Mumbai	Ipca v/s Awadesh & Ors	Workers Settlement dispute	Pending	10/10/2017	Date not received



Case No. / Court	Parties	Facts of the case	Current Status	Last date of hearing	Next date of hearing
LPA/270/2009 - High Court, Mumbai	Awadesh & Ors v/s Ipca & Ors	Dismissed worker	Pending	10/10/2017	Date not received
WP/3139/2010 - High Court	Ipca v/s Hiru Barot & Ors	Workers Settlement dispute	Pending	28/06/2010	Date not received
LC/16/2008 - Labour Court, Silvassa	Ipca vs Hiru Barot	Workers Settlement dispute	On-going	17/01/2018	10/10/2018
LC/25/2009 - Labour Court, Silvassa	Ipca vs 31 workmen & Ors	Workers Settlement dispute	On-going	17/01/2018	10/10/2018
LC/26/2009 - Labour Court, Silvassa	Ipca vs 29 workmen & Ors	Workers Settlement dispute	On-going	10-01-2018	10/10/2018
LC/31/2009 - Labour Court, Silvassa	Ipca vs KKU	Workers Settlement dispute	On-going	17/01/2018	26/09/2018
IDA/135/2014 - Conciliation Officer, Silvassa	Ipca vs KKU	Workers Settlement dispute	On-going	10/01/2018	Date not received
IDR/01/2011 - Indl. Tribunal, Silvassa	Ipca v/s KKU	Workers Settlement dispute	On-going	21/03/2018	10/10/2018
LC/03/2010 - Labour Court, Silvassa	Ipca vs Kamlesh Ganvit	Workers Settlement dispute	On-going	14/02/2018	10/10/2018
LC/04/2010 - Labour Court, Silvassa	Ipca vs Ram Naresh Singh	Workers Settlement dispute	On-going	17/01/2018	10/10/2018
LC/07/2012 - Labour Court, Silvassa	Ipca vs Ram Naresh Singh	Workers Settlement dispute	On-going	17/01/2018	24/10/2018
IDR/203/2015 - Labour Court, Silvassa	Ipca vs Ram Naresh Singh	Reinstatement of worker dismissed for Sexual Harassment	On-going	14/02/2018	24/10/2018
CA/03/2015 - Indl. Tribunal, Silvassa	Ipca vs Ram Naresh Singh	Reinstatement of worker dismissed for Sexual Harassment	Pending	20/12/2017	24/10/2018
IDR/04/2016 - Indl. Tribunal, Silvassa	Ipca vs Shriprakash Singh	Reinstatement of dismissed worker	On-going	05/01/2018	03/10/2018
IDR/12/2016 - Indl. Tribunal, Silvassa	Ipca vs Jitendra Teron	Reinstatement of dismissed worker	On-going	02/01/2018	14/11/2018
Civil Appl/416/2008 - Civil Court, Ratlam	Fort Construction v/s Managing Director, Ipca	Dispute on payment of bills	On-going	24/08/2018	Date not received
Civil/13/2012 - Civil Court, Ratlam	Ishwar Singh v/s Ipca & Ors	Accident claim - permanent disablement	On-going	07/08/2018	Date not received
Civil/58/2012 - Civil Court, Ratlam	Gend Kunwar v/s Ipca & Ors	Accident death claim	On-going	07/08/2018	Date not received



Case No. / Court	Parties	Facts of the case	Current Status	Last date of hearing	Next date of hearing
Civil Appeal/88/2017 - District Court, Ratlam	Sumitra Devi v/s Ipca & Ors	Encroachment over boundary wall	On-going	30/08/2018	03/10/2018
MPIR/01/2015 - Labour Court, Ratlam	Sunil Joshi vs Ipca & Ors	Contract labour - Permanency	On-going	24/08/2018	26/10/2018
MPIR/09/2015 - Labour Court, Ratlam	Kailash Kumawat vs Ipca & Ors	Contract Labour - Reinstatement	On-going	24/08/2018	26/10/2018
MPIR/01/2016 - Labour Court, Ratlam	Rakesh Tank vs Ipca & Ors	Contract Labour - Reinstatement	On-going	24/08/2018	26/10/2018
WC Appln/03/2017 - Labour Court, Ratlam	Ramkuwar bai & Ors vs Ipca & Ors	Claiming Workmen Compensation and permanent service for family member of the deceased	On-going	24/08/2018	26/10/2018
MPIR/572/2016 - Labour Court, Ratlam	Babulal Sharma vs Ipca & Ors	Contract labour - permanency	On-going	24/08/2018	26/10/2018
MPIR/01/2018 - Labour Court, Ratlam	Sanjay Joshi v/s Ipca & Ors	Reinstatement & permanency	On-going	24/08/2018	26/10/2018
WP/5323/2017 - High Court, Indore	Bhagirath Sondal vs Ipca & Ors	Reinstatement of dismissed worker	On-going	01/08/2018	Date not received
WP/2109/2017 - High Court, Indore	Dinesh Kumar S. v/s Ipca & Ors	Permanency of temporary worker	On-going	27/08/2018	Date not received
Civil/29995/2006 - Civil Court, Indore	PS Bhawarkuan v/s Ipca & Ors	Death of person crossing, by our Tempo Traveller	Pending	02/12/2016	Date not received
Civil/1419/2011 - Civil Court, Indore	State v/s Ipca & Ors	Theft of copper strip by contract labour	Pending	08/12/2015	Date not received
MPIR/03/2013 - Labour Court, Dhar	Vikas Patel v/s Ipca unit	Reinstatement of dismissed employee	On-going	20-08-2018	12/11/2018
WP/1448/2015 - High Court, Indore	Ipca v/s State (Ind/Rtm)	Retirement Age dispute	Pending	22/01/2018	Date not received
WP/4945/2016 - High Court, Indore	Shankar Singh v/s Ipca	Reinstatement of dismissed contract labour	Pending	02/01/2018	Date not received
MPIR/02/2006 - Labour Court	Laxman v/s Managing Directors	Reinstatement - Binding on Ipca	Pending	18/08/2015	Date not received
MPIR/58/2007 - Labour Court, Indore	Shabbir Ahmed vs Ipca	Contract Labour - Reinstatement with back wages	On-going	04/09/2018	14/11/2018
MPIR/19/2017 - Labour Court, Indore	Laxman Nathu Verma v/s Ipca	Demanding Rs. 17,500/- each	25/08/2018	11/09/2018	14/11/2018



Case No. / Court	Parties	Facts of the case	Current Status	Last date of hearing	Next date of hearing
ATA/611/2010 - Tribunal Delhi	RPF v/s Ipca	PF contribution not calculated on Min. wages	Pending	28/02/2017	Date not received
WP/5449/2016 - High Court, Indore	Ipca vs Rajesh Topo & Ors	Reinstatement & back wages	Pending	02/01/2018	Date not received
WP/5450/2016 - High Court, Indore	Ipca vs Sandeep & Ors	Reinstatement & back wages	Pending	02/01/2018	Date not received
WP/5452/2016 - High Court, Indore	Ipca vs Mahesh Patel & Ors	Reinstatement & back wages	Pending	02/01/2018	Date not received
WP/5453/2016 - High Court, Indore	Ipca vs Hamid Khan & Ors	Reinstatement & back wages	Pending	02/01/2018	Date not received
WP/5455/2016 - High Court, Indore	Ipca vs Sant Kumar & Ors	Reinstatement & back wages	Pending	02/01/2018	Date not received
WP/5457/2016 - High Court, Indore	Ipca vs Amit Kumar & Ors	Reinstatement & back wages	Pending	02/01/2018	Date not received
WP/5458/2016 - High Court, Indore	Ipca vs Rafiq Beg & Ors	Reinstatement & back wages	Pending	02/01/2018	Date not received
WP/5464/2016 - High Court, Indore	Ipca vs Devendra & Ors	Reinstatement & back wages	Pending	02/01/2018	Date not received
WP/5465/2016 - High Court, Indore	Ipca vs Jaimen Kunjur & Ors	Reinstatement & back wages	Pending	02/01/2018	Date not received
WP/5468/2016 - High Court Indore	Ipca vs Yogesh Verma & Ors	Reinstatement & back wages	Pending	02/01/2018	Date not received
WP/5469/2016 - High Court, Indore	Ipca vs Laghu Udyog Mazdoor Union	Reinstatement of dismissed contract labours	Pending	02/01/2018	Date not received
WP/5470/2016 - High Court, Indore	Ipca vs Gopal Matabadal & Ors	Reinstatement & back wages	Pending	02/01/2018	Date not received
WP/5473/2016 - High Court, Indore	Ipca vs Panchamlal & Ors	Reinstatement & back wages	Pending	02/01/2018	Date not received
WP/5475/2016 - High Court, Indore	Ipca vs Brij Kishore & Ors	Reinstatement & back wages	Pending	02/01/2018	Date not received
LC/ /2018 - Labour Court, Bhuj	Manish Charan vs Ipca	Reinstatement of dismissed employee	Pending		Date not received
COCA 86/16 - Labour court, Madhya Pradesh	Dilip Singhai v/s Ipca & others	Petition against transfer of services from Sagar to Meerut effective 01.03.2016	On-going	13-08-2018	09/10/2018
Title Suit 1558/2014 - Civil Judge Jr,	Binod Kumar Singh v/s Ipca & others	Reinstatement of terminated employee	On-going	23-08-2018	01-10-2018



Case No. / Court	Parties	Facts of the case	Current Status	Last date of hearing	Next date of hearing
Division, Bokaro (Jharkhand)					
G. O. No. 755 - IR/11L - 78/2013 - Ld. Industrial Tribunal, Kolkata	West Bengal Medical and Sales Representatives Union v/s Ipca	Petition against non-granting of annual increment to Shri. Subhendu Mukherjee and 6 others for the year 2011-12.	On-going	01-08-2018	31/10/2018
Misc. No./87/2018 - Labour court, Kanpur	Mr. Bhuwan Singh v/s Ipca & others	Petition against to release the pending expenses since Nov. 2014	On-going	23-07-2018	Date not received
Misc. No./88/2018 - Labour court, Kanpur	Mr. Sawan Tripathi v/s Ipca & others	Petition against to release the pending expenses since Nov. 2014	On-going	23-07-2018	Date not received
Misc. No./38/2018 - Labour court, Lucknow	Mr. Deep Kumar v/s Ipca & others	Petition against to release the pending expenses since Nov. 2014	On-going	05-09-2018	Date not received
Misc. No./37/2018 - Labour court, Lucknow	Mr. Vivek Kumar Trivedi v/s Ipca & others	Petition against to release the pending expenses since Nov. 2014	On-going	05-09-2018	Date not received
Misc. No./03/2018 - Labour court, Varanasi	Mr. Pramod Kumar Verma v/s Ipca & others	Petition against to release the pending expenses since Nov. 2014	On-going	30-08-2018	Date not received
Complaint Case/124447/2014 - CJM, Lucknow	Uttar Pradesh Uttarakhand Medical and Sales Representatives Union v/s Ipca & others	Petition against change in working conditions of sales employees and non-payment of expenses.	On-going	08-07-2018	07-10-2018
Writ Petition/2015 - High Court, Allahabad	Ipca v/s State of U.P., The Secretary, Labour & others.	To stay the operation and execution of the impugned order passed by the CJM	Pending	Not listed	Date not received
Misc. No./64/14 - Labour Court, Bharatpur (Rajasthan)	Surendra Singh v/s Ipca & others	Reinstatement of terminated employee	On-going	03-08-2018	31/10/2018
Misc. No./2014, Labour Court, Allahabad (U.P.)	Rajeev Kumar Srivastava v/s Ipca & others	Reinstatement of terminated employee	On-going	17-05-2018	03/10/2018
Misc. No./73/18 - Labour Court, Varanasi	Malay Pandey v/s Ipca & others	Reinstatement of terminated employee	On-going	10-08-2018	28-09-2018

C. Tax and other proceedings involving our Promoters

In respect of Ipca, the details of disputed dues of Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise or Value Added Tax or cess which have not been deposited with the concerned authorities on account of dispute are given below :

Name of the Statute	Nature of dues	Amount (Rs. Crores)	Period to which the amount relates	Forum where dispute is pending
Excise Duty	Differential Excise duty on WIP on Debonding	0.23	2009-10	CESTAT, Ahmedabad
	Rebate claim rejected due to late filing	0.03	2013-14	Asst Commissioner Central Excise, Customs & Service tax, Silvassa
	Interest and penalty on past anti-dumping duty & excise duty	4.38		High Court, Gujarat
	Differential Excise Duty on clearance	0.08	Apr 2011 to Mar 2013	Deputy Commissioner
	Availment of Differential PLA Credit	2.32	2015-16	Commissioner A-Appeal , Siliguri
Service Tax	Availment of credit of Service Tax on H.O. Invoices	0.64	2006-07 & 2007-08	Commissioner, Central Excise
	Availment of credit of Service Tax on H.O. Invoices	0.23	Apr 2008 to Nov 2008	
	Availment of credit of Service Tax on H.O. Invoices	0.04	Dec 2008 to Sep 2009	
	Availment of credit of Service Tax on Telephone/Cell Phone /Taxi Hire charges & Insurance	0.03	2006-07 & 2007-08	Commissioner/ Dy. Commissioner, Central Excise
	Availment of credit of Service Tax on Telephone/Cell Phone / Taxi Hire charges & Insurance	0.01	Apr 2008 to Dec 2008	
	Availment of credit of Service Tax on Telephone /Cell Phone/Taxi Hire charges & Insurance*	Negligible	Jan 2009 to Sep 2009	Dy. Comm., Central Excise
	Availment of credit of Service Tax on H.O. Invoices	1.42	2006-07 & 2007-08	Commissioner, Central Excise
	Availment of credit of Service Tax on H.O. Invoices	0.34	Apr 2008 to Nov 2008	
	Availment of credit of Service Tax on H.O. Invoices	0.30	Dec 2008 to Sep 2009	
	Availment of credit of Service Tax on Garden Maintenance Based on EA-2000 audit query	0.28	2012-13 & 2014-15	Commissioner Appeal, Indore
	Availment of Cenvat Credit on Service Tax*	-	2006-07	Dy. Comm., Central Excise
	Non-payment of service tax under RCM on remittances in foreign currency for product/ patent registration and facility fees to US FDA	4.98	Jul 2012 to Sep 2013	Commissioner Service tax -VI, Mumbai
Sales Tax	Jammu & Kashmir Value added tax Act, - Disputed Demand	0.05	2011-12	Deputy Commissioner of Commercial Tax (Appeal), Srinagar
	Gujarat value added Tax Act - Disputed demand	0.07	2006-07	Gujarat VAT Tribunal, Ahmedabad



	Gujarat value added Tax Act - Disputed demand	0.02	2007-08	Jt. Commissioner of Commercial Tax, Rajkot
	Gujarat value added Tax Act - Disputed demand	0.28	2006-07	Additional Commercial Commissioner Ahmedabad
	Central Sales Tax - Assessment demand	0.31	2013-14	Dy. Comm. Commercial Tax-Ratlam
	Kerala Value Added Tax - Disputed demand*	-	2012-13	Sales tax Authority
	UP, Value Added Tax Act - Disputed demand	0.27	2013-14	Commercial Tax Authority, Lucknow
	Demand After Assessment	0.40	2014-15	The Dy. Commissioner Commercial Tax Ratlam Division-Ratlam (M.P.)
	Demand After Assessment	0.12	2015-16	The Add. Commissioner Commercial Tax Indore (M.P.)
	Demand After Assessment*	Negligible	2014-15	The Add. Commissioner Commercial Tax Indore (M.P.)
	Duburdih Check Post Penalty	0.02	2014-15	Deputy Commissioner, Sales Tax, West Bengal
Entry Tax	Entry Tax	4.70	2013-14	Sales Tax Department
		21.32		

* Balances with values below the founded off norm adopted by Ipca has been referred to as negligible

Contingent Liability – others

Claims under The Drugs (Price Control) Order 2013 by National Pharmaceutical Pricing Authority for alleged overcharging of prices in respect of certain formulations. Contended by Ipca before Hon'ble High Court, Mumbai. Amount involved – Rs. 5.96 crores.



MATERIAL DEVELOPMENTS

For the quarter ended June 30, 2018 we have made net loss of Rs. 559.19 lacs as per the restated financial results.

Mr. S. Phani Srinath was appointed as the CFO with effect from September 10, 2018.

Save for the above, in the opinion of the Board, no circumstances have arisen since the date of last financial statement until the date of filing the DLOF, which materially and further adversely affect or are likely to affect the operations of our Company, or value of its assets, or its ability to pay its liability within next 12 (twelve) months. There is no subsequent development after the date of the Auditor's Report, which will have a material adverse impact on the reserves, profits, earnings per share and book value of the Equity Shares of the Company, other than as have already been reported.



GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required by us to undertake this Issue and for our present business and except as mentioned below, no further material approvals are required for carrying on our present business operations. Unless otherwise stated, these approvals are valid as on the date of this Draft Letter of Offer.

The main objects clause of the Memorandum of Association and objects incidental to the main objects enable our Company to undertake its existing business activities.

I. Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

- a. Our Board, pursuant to its resolution dated July 30, 2018, authorized the present Rights Issue;
- b. Our Board approved the Letter of Offer pursuant to its resolution dated [●], 2018;
- c. In-principle approval from BSE and NSE dated [●] and [●] respectively
- d. SEBI Observation letter No. [●] dated [●] on the draft Letter of Offer filed with them

II. Corporate Approvals

- a. Certificate of Incorporation dated December 2, 1991 issued by Registrar of Companies, Andhra Pradesh
- b. Certificate of Commencement of Business dated May 8, 1992 issued by Registrar of Companies, Andhra Pradesh
- c. Fresh Certificate of Incorporation dated November 21, 2003 issued by the Registrar of Companies, Andhra Pradesh consequent to the change of name from Krebs Biochemicals Limited to Krebs Biochemicals & Industries Limited

III. Tax Approvals in relation to our Company

- a. The Permanent Account Number (PAN) of our Company is AAACK8355M.
- b. The Tax Deduction Account Number (TAN) of our Company is HYDK00964F.
- c. Registration certificate under The Central Goods and Services Tax Act, 2017 (GST) for the state of Karnataka bearing registration no. 37AAACK8355MIZ0

IV. Approvals obtained in relation to business operations

Our Company requires various approvals and/or licenses to carry on our business in India. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements.

Nellore Unit

- a. Certificate No. 10004 dated May 11, 2018 issued by Inspector of Boilers, Andhra Pradesh Boiler Inspection Department for use of Boiler bearing Registration Number AP-3517 – for the period from May 2, 2018 to May 1, 2019



- b. Certificate No. 10018 dated April 11, 2018 issued by Dy. Chief Inspector of Boilers, Andhra Pradesh Boiler Inspection Department for use of Boiler bearing Registration Number AP-2548 – for the period from April 2, 2018 to April 1, 2019
- c. Central Excise Registration Number AAACK8355MXM002 issued by the Central Board of Excise and Customs
- d. Certificate of Verification issued by the Government of Andhra Pradesh, Office of the Controller, Legal Metrology, for Storage Tanks as given below :

Certificate No.	Certificate Date	Storage permission details	Next verification
325885	March 23, 2015	Methanol with capacity of 20 KL - Tank ID : I/ST/02	March 22, 2020
901702551000001-032018	March 12, 2018	Absolute Alcohol with 4.5 KL capacity and 2 KL capacity for tank nos B/DT/004 and A/DT/003, respectively	March 11, 2019
0098274	July 17, 2017	Ethanol with capacity of 22,137 L	July 16, 2022
325890	March 23, 2015	MDC with capacity of 10 KL - Tank ID : I/ST/007	March 22, 2020
325886	March 23, 2015	Methanol with capacity of 16 KL - Tank ID : I/ST/002	March 22, 2020
325893	March 23, 2015	Caustic Soda LYE with capacity of 4.5 KL - Tank ID : I/ST/010	March 22, 2020
459193	December 28, 2016	Toluene with capacity of 20 KL - Tank ID : A/ST/002	December 27, 2021
325887	March 23, 2015	Diesel with capacity of 20 KL - Tank ID : I/ST/004	March 22, 2020
325888	March 23, 2015	Ethyl Acetate with capacity of 20 KL - Tank ID : I/ST/005	March 22, 2020
325891	March 23, 2015	Hexane with capacity of 10 KL - Tank ID : I/ST/008	March 22, 2020
266511	November 10, 2017	Horizontal cylindrical with dished ends with capacity of 22,137 L- Tank ID : A/ST/001	November 9, 2022
325889	March 23, 2015	Toluene with capacity of 29 KL - Tank ID : I/ST/006	March 22, 2020
459192	December 28, 2016	Hydrochloric Acid with capacity of 20 KL - Tank ID : A/ST/004	December 27, 2021
325892	March 23, 2015	Caustic Soda LYE with capacity of 8 KL - Tank ID : I/ST/009	March 22, 2020
430690	December 21, 2015	Hexane with capacity of 15 KL - Tank ID : A/ST/003	December 20, 2020
325894	March 23, 2015	Caustic Soda LYE with capacity of 3 KL - Tank ID : I/ST/011	March 22, 2020

- e. Licence No. 501/MIA/Mfg/2018 dated February 19, 2018 issued by Government of Andhra Pradesh, Drugs Control Administration permitting our Company for manufacture of bulk drug PHENYLEPHRINE HYDROCHLORIDE – BP.



- f. Renewal of Licence No. 103/NL/AP/96/B/R dated June 30, 1994, Government of Andhra Pradesh, Drugs Control Administration, for the period from January 1, 2017 to December 31, 2021 for the following bulk drugs :
- PHENAZOPYRIDINE HYDROCHLORIDE
 - PANTOPRAZOLE SODIUM
 - PANTOPRAZOALE SODIUM SESQUI HYDRATE
 - NELFINAVIR MESYLATE
 - PRAVASTATIN SODIUM
 - EFAVIRENZ
 - OFLOXACIN
 - CILOSTAZOL ABSORBATE
 - ORLISTAT
 - BACLOFEN
 - LAMIVUDINE
 - AMLODIPINE BESYLATE
 - TELMISARTAN
 - CETIRIZINE HYDROCHLORIDE
 - PHENYLEPHRINE HYDROCHLORIDE
- g. Registration No. 1/2001-2002 dated December 13, 2001 issued by the Prohibition & Excise Superintendent for consuming Methanol by our Company
- h. Certificate No. 444/DD/RO/GNT/2017 dated November 20, 2017 issued by Government of Andhra Pradesh, Drugs Control Administration, noting adherence of Good Manufacturing Practices (GMP) by our Company
- i. Licence No. 43874 dated November 17, 2000, amended from time to time, issued by Director of Factories, Andhra Pradesh for our unit
- j. Renewal Licence No. G/SC/AP/06/2097 dated September 23, 2016 issued by Controller of Explosives, Government of India, Ministry of Commerce & Industry, Petroleum & Explosives Safety Organisation (PESO) for storage of HYDROGEN and NITROGEN gas cylinders at our unit
- k. Certificate of Verification No. 0904114 dated March 18, 2018 issued by the Government of Andhra Pradesh, Office of the Controller, Legal Metrology, towards electronic weighing scales of different units
- l. Consent Order No. APPCB/VJA/NLR/10491/CFO/HO/2017 dated March 23, 2017 issued by the Andhra Pradesh Pollution Control Board authorising our Company to operate the industrial plant and discharge of effluents as prescribed.

Visakhapatnam Unit

- a. Consent Order No. APPCB/VSP/VSP/24/CFO/HO/2017 dated June 1, 2017 issued by the Andhra Pradesh Pollution Control Board authorising our Company to operate the industrial plant and discharge effluents as prescribed.
- b. Consent Order No. 24/APPCB/CFE/RO-VSP/HO/2008 dated March 20, 2017 issued by the Andhra Pradesh Pollution Control Board authorising our Company for change of product mix
- c. Renewal of Licence No. 41/VM/AP/98/B/R dated August 3, 1999 issued by the Government of Andhra Pradesh, Drugs Control Administration, for the period from January 1, 2017 to December 31, 2021 for the following bulk drugs :
- LOVASTATIN USP/Ph.Eur (for domestic & export)
 - SIMVASTATIN USP /Ph.Eur (for domestic & export)
 - Serratiopeptidase IP (for domestic)
 - Serrapeptase JPC (for export)



- Adenine USP/Ph.Eur/BP/IP (for domestic & export)
- Orlistat USP (for domestic & export)
- Erythromycin IP/BP/USP
- Erythromycin Stearate IP/BP/USP (for domestic & export)
- Erythromycin Estolate IP/BP/USP (for domestic & export)
- Gentamycin Sulphate IP/BP/USP (for domestic & export)
- Vancomycin USP (for domestic & export)
- Erythromycin Ethyl Succinate BP/USP (for domestic & export)
- Vitamin B2 (Riboflavin) IP/BP/USP (for domestic & export)
- Vitamin B2 (5 Phosphate) IP/BP/USP (for domestic & export)
- Ascorbic Acid IP (for domestic)
- Ascorbic Acid BP (for export)
- Ascorbic Acid USP (for export)
- Sodium Ascorbate IP (for domestic)
- Sodium Ascorbate USP (for export)
- Lincomycin Hydrochloride USP/Ph.Eur/IP (for domestic & export)
- Clindamycin Hydrochloride USP/Ph.Eur/IP (for domestic & export)
- d. Certificate dated August 30, 2017 issued by National Institute of Pharmacy and Nutrition, (NIPIN) Budapest, Hungary according GMP status for our facility in respect of bulk drug SIMVASTATIN
- e. Renewal Licence No. P/HQ/AP/15/1297 dated December 5, 2017 issued by Controller of Explosives, Government of India, Ministry of Commerce & Industry, Petroleum & Explosives Safety Organisation (PESO) for importation and storage of specified Petroleum at our unit
- f. Certificate No. 230 dated February 14, 2018 issued by Dy. Chief Inspector of Boilers, Andhra Pradesh Boiler Inspection Department for use of Boiler bearing Registration Number AP-3778 – for the period from February 2, 2018 to February 1, 2019.
- g. Certificate No. 175 dated December 2, 2017 issued by Dy. Chief Inspector of Boilers, Andhra Pradesh Boiler Inspection Department for use of Boiler bearing Registration Number AP-3110 – for the period from December 2, 2017 to December 1, 2018
- h. Certificate of Registration of Establishment bearing registration number AP-03-35-011-0610725 issued by Government of Andhra Pradesh, Labour Department
- i. Licence No. dated December 14 2000, amended from time to time, issued by Director of Factories, Andhra Pradesh for our unit
- j. Certificate No. 1324/DD/DCA/VSP/2017 dated November 22, 2017 issued by Government of Andhra Pradesh, Drugs Control Administration, noting adherence of Good Manufacturing Practices (GMP) by our Company
- k. Certificate dated August 25, 2017 issued by European Directorate for the Quality of Medicines restoring the Certificate of Suitability of **Lovastatin**
- l. Certificate dated August 25, 2017 issued by European Directorate for the Quality of Medicines restoring the Certificate of Suitability of **Simvastatin**
- m. Certificate No. 247/JD/DCA/VSP/2015 dated September 3, 2016 issued by Government of Andhra Pradesh, Drugs Control Administration, approving the list of products under the WHO GMP viz. Lovastatin and Simvastatin. Certificate expired on September 3, 2018 and application for renewal has been filed within the stipulated time.
- n. Certificate No. WC-0379 issued by Government of India, Ministry of Health & Family Welfare, Central Drugs Standard Control Organisation accordingly written confirmation for active substances imported into the European Union (EU) for medicinal products of human use viz. Lovastatin and Simvastatin



OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The present Rights Issue has been authorized by our Board of Directors pursuant to the Resolution passed at its meeting held on July 30, 2018.

Prohibition by the SEBI or other authorities

Our Company, our Promoters, our Directors, the members of the Promoter Group, the Group Companies, and the persons in control of our Company have not been prohibited from accessing or operating in the capital markets for any reasons or under any order or direction passed by the SEBI or any other authorities.

The companies with which our Promoters, our Directors or persons in control of our Company are or were associated as promoter, directors or persons in control have not been prohibited or debarred from accessing the capital markets under any order or direction passed by the SEBI or any other authority.

None of our Directors are in any manner associated with the securities market and there has been no action taken by the SEBI against our Directors or any such entity.

The listing of securities of our Company has never been refused at any time by any stock exchange in India or abroad.

Prohibition by the RBI

None of our Company, our Directors, our Promoters, and relatives (as defined under the Companies Act, 2013) of our Promoters or our Group Companies have been declared as wilful defaulters by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI.

Eligibility for the Issue

Our Company is an existing listed Company registered under the Companies Act. Our Equity Shares are listed on BSE and NSE. It is eligible to offer this issue in terms of Chapter IV of the SEBI ICDR Regulations.

Due to the provisions of clause 3(a) of Part E of Schedule VIII of the SEBI ICDR Regulations, our Company is required to make disclosures as per Part A of Schedule VIII of the SEBI ICDR Regulations

Further, our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI ICDR Regulations, to the extent applicable.



Disclaimer Clause of the SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGERS, ARIHANT CAPITAL MARKETS LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (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 ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES IT'S RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGERS HAS FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 27, 2018 WHICH READS AS FOLLOWS:

WE, THE LEAD MANAGERS 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, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
 - (A) THE DRAFT LETTER OF OFFER FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE
 - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - (C) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956 / 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE



REQUIREMENTS) REGULATIONS, 2009, AS AMENDED AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS - NOTED FOR COMPLIANCE.
5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAVE 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 THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SECURITIES AND EXCHANGE BOARD OF INDIA TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER - NOT APPLICABLE
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER - NOT APPLICABLE
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSES (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 SECURITIES AND EXCHANGE BOARD OF INDIA. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY, 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 COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE 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 LETTER OF OFFER. 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 LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE - NOT APPLICABLE SINCE ALLOTMENT SHALL BE MADE IN DEMAT FORM ONLY
11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION
12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER :
 - (A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
 - (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA FROM TIME TO TIME;
13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE
14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC.
15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY;
16. WE ENCLOSE STATEMENT ON "PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE OFFER)" AS PER FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA THROUGH CIRCULAR DATED SEPTEMBER 27, 2011;
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 LETTER OF OFFER



The filing of this Draft Letter of Offer does not, however, absolve our Company and any person who has authorised the Issue from any liabilities under Section 34 or Section 36 of Companies Act, 2013 or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the Offer. SEBI further reserves the right to take up at any point of time, with the Lead Managers, any irregularities or lapses in the Draft Letter of Offer and the Letter of Offer.

In addition to the Lead Manager, the issuer is also obligated to update the offer document and keep the public informed of any material changes till the date of listing and commencement of trading of the securities offered under this Letter of Offer.

Disclosure of Price Information of Past Issues Handled by the BRLM(s)

Table 1: Price information of past issues handled by Arihant Capital Markets Limited for three years (current financial year and two financial years preceding the current financial year)

Sr. No.	Issue name	Issue size (Rs. in lakhs)	Issue Price (Rs.)	Listing date	Opening Price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]- 30 th calendar Days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90 th calendar Days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180 th calendar days from listing
1.	Nitiraj Engineers Limited	2,200.80	100	09/03/2017	97	-9.1% [0.06%]	-21.40% [5.61%]	-24% [-0.36%]

Source: Price Information as available on <https://www.nseindia.com/emerge/> and Issue Information from Prospectus

Note: -

- Based on date of listing.
- NSE Emerge Index has been considered as the benchmark index.
- Price information on NSE Emerge are considered for all of the above calculations.
- In case 30th /90th /180th day is not a trading day, closing price on NSE Emerge of the next trading day has been considered.
- In case 30th /90th /180th day, scrips are not traded then last trading price has been considered.

Table 2: Summary Statement Disclosure:

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs.in Lakh)	No. of IPOs trading at discount- 30 th calendar days from listing	No. of IPOs trading at Premium- 30 th calendar days from listing	No. of IPOs trading at discount- 180 th calendar days from listing	No. of IPOs trading at Premium- 180 th calendar days from listing



			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%
2016-17	1 *	2,200.80	-	-	1	-	-	-	-	-	1	-	-	-

* Equity shares of Nitiraj Engineers Limited, were listed on March 9, 2017, on SME platform of NSE- NSE EMERGE

Track Record of past issues handled by the Lead Manager

For details regarding track record of LM to the Issue as specified in the Circular reference no. CIR/MIRSD/1/2012 dated January 10, 2012 issued by the SEBI, please refer the website of the Lead Manager at: www.arihantcapital.com

Caution - Disclaimer from our Company and the Lead Managers

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Letter of Offer or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, would be doing so at his or her own risk.

Investors who invest in the Issue will be deemed to have been represented to the issuer and lead manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines, and approvals to acquire equity shares of our company, and are relying on independent advice / evaluation as to their ability and quantum of investment in this issue. All information shall be made available by the Lead Manager and our company to the shareholders and no selective or additional information would be made available for a section of the shareholders or investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc

Disclaimer in Respect of Jurisdiction

This Letter of Offer has been prepared under the provisions of Indian Law and the applicable rules and regulations hereunder. This Letter of Offer does not constitute an offer to sell or an invitation to subscribe to securities hereby issued, in any jurisdiction other than India.

The distribution of the Letter of Offer and the offering of the securities on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate Court(s) in Hyderabad, India only.

No action, has been, or will be taken, to permit offering of these securities in any jurisdiction where action would be required for that purpose, except that this Letter of Offer has been filed with SEBI for its observations and the Letter of offer would be filed with the relevant Stock Exchanges in India. Accordingly, the Equity Shares may not be offered or sold directly or indirectly, and the Letter of Offer may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Letter of Offer, nor any sale hereunder, shall under any circumstances create any implication that the affairs of our company have remained



unchanged since the date hereof or that the information herein is correct as of any time subsequent to this date.

Disclaimer clauses of Stock Exchanges

As required, a copy of the Draft Letter of Offer has been submitted to BSE and NSE. BSE and NSE have, vide their letters dated [•] and [•] respectively, given permission to our Company to use their name in this Letter of Offer as the Stock Exchange on which our Company's securities are proposed to be listed. The Exchanges have scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to our Company.

BSE and NSE does not in any manner: (i) warrant, certify or endorse the correctness or completeness of any of the contents of this Letter of Offer; or (ii) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or (iii) take any responsibility for the financial or other soundness of this Company, its Promoter, its management or any scheme or project of this Company; and it should not for any reason be deemed or construed that this Letter of Offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Filing

The draft Letter of Offer has been filed with Securities Exchange Board of India's Southern Regional Office at Overseas Towers, 7th Floor, 756-L, Anna Salai, Chennai : 600 002 for its observations and also with the BSE and NSE where the securities to be issued in terms of this Letter of Offer are proposed to be listed.

Listing

Our Company has made applications to BSE and NSE for permission to deal in and for an official quotation in respect of the Equity Shares being offered in terms of this Letter of Offer. Our Company has received in-principle approval from BSE and NSE by their letters dated [•] and [•] respectively, granting in-principle approval for listing the securities arising from the Issue.

If the permission to deal in and for an official quotation of the securities is not granted by the Stock Exchange within 15 days from the Issue Closing Date, our Company shall forthwith repay, without interest, all monies received from applicants in pursuance of this Letter of Offer. If such money is not paid within eight days after our Company becomes liable to repay it, then our Company and every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest as prescribed under the Companies Act, 2013.

Consent

Consent in writing of the Auditors, Lead Manager and the Registrar to the Issue, to act in their respective capacities; and of the bankers to our Company and Directors for their names to appear as such in this Letter of Offer have been obtained and such consents have not been withdrawn up to the time of delivery of this Letter of Offer for registration with the Stock Exchanges.

M/s. Pavuluri & Co., Chartered Accountants, the Auditors of our Company have given their written consent for the inclusion of their Report in the form and content as appearing this Letter of Offer and



such consents and Reports have not been withdrawn upto the time of delivery of this Letter of Offer for registration to the Stock Exchanges. M/s. Pavuluri & Co., Chartered Accountants, the Auditors of our Company have given their written consent for inclusion of statement of tax benefits in the form and content as appearing in this Letter of Offer accruing to our Company and its members.

To the best of our knowledge there are no other consents required for making this issue, however, should the need arise, necessary consents shall be obtained by us.

**Expert Opinion**

Save for our Auditors who have consented to be named as 'experts' in relation to the financial information, their reports thereon and the Statement of Tax Benefits, our Company has not obtained any expert opinions in relation to this Letter of Offer.

Expenses of the Issue

The expenses of the Issue including fees and reimbursement to the Lead Manager, Auditors, Registrar to the Issue, printing and distribution expenses, publicity, listing fees, SEBI fees, stamp duty and other expenses are estimated at Rs. 55 lacs and will be met out of the proceeds of the Issue.

Particulars	Rs. in lakhs	(Rs. In lacs)	
		% of the issue expenses	% of Issue size
Fees to intermediaries, including Lead Managers fees, registrar fees and expenses	22.00	40.00%	0.89%
Printing & stationeries, postage / courier expenses	10.00	18.18%	0.40%
Expenses towards advertising	8.00	14.55%	0.32%
Regulatory fee and other miscellaneous expenses, including out-of-pocket expenses	15.00	27.27%	0.61%
Total	55.00	100.00	2.22%

Details of previous capital issues

Our Company has not made a public issue or rights issue of Equity Shares in the last five years preceding the date of this Letter of Offer

Except as mentioned in "Capital Structure" on Page No. 46 of this Letter of Offer, our Company has not issued any securities otherwise than for cash.

Commission / brokerage on previous issue

Except for the fees paid to the Merchant Bankers and Registrars, and other issue expenses viz. Filing fees, printing & stationeries, postage etc., no commission or brokerage has been paid for the previous issue.

Performance vis-a-vis objects

Our Company and Ipca Laboratories Limited (one of our corporate promoters) have not made any Public / Rights Issue during the period of ten years preceding the date of filing the draft Letter of Offer with SEBI.

Save for Ipca Laboratories Limited, there are no group / subsidiary / associate companies which are listed on any Stock Exchanges.

There are no Debentures or Bonds and redeemable preference shares outstanding as on the date of this Letter of Offer.



STOCK MARKET DATA FOR EQUITY SHARES OF OUR COMPANY

Our Equity Shares are listed on the BSE and the NSE. The high, low and average closing prices recorded on the BSE and the NSE during the last three calendar years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

Year	Date of High	High (Rs.)	Volume on date of High (Shares)	Date of Low	Low (Rs.)	Volume on date of Low (Shares)	Average Price (Rs.)
BSE							
2015	29/12/2015	165.00	44,781	01/01/2015	31.80	2,069	95.04
2016	04/01/2016	146.20	10,288	01/09/2016	68.65	1,860	94.13
2017	29/12/2017	140.05	5,432	16/03/2017	74.15	1,366	96.03
NSE							
2015	No trading - suspended by NSE						
2016 #	01/11/2016	103.00	60	24/11/2016	76.00	366	88.12
2017	29/12/2017	138.05	3,625	22/03/2017	73.50	1,226	97.08

trading resumed w.e.f. October 27, 2016

Monthly high and low prices and trading volumes on BSE for the period from January 2018 to August 2018 are as stated below:

Month	Date of High	High (Rs.)	Volume on date of High (Shares)	Date of Low	Low (Rs.)	Volume on date of Low (Shares)	Average (Rs. per Share)
BSE							
January 2018	04/01/2018	169.45	16,860	01/01/2018	135.10	9,991	151.55
February 2018	28/02/2018	171.05	4,143	06/02/2018	127.30	1,528	149.76
March 2018	09/03/2018	209.60	3,170	23/03/2018	159.00	2,368	180.74
April 2018	27/04/2018	198.00	1,014	13/04/2018	167.40	140	180.07
May 2018	02/05/2018	200.00	398	31/05/2018	145.30	238	172.53
June 2018	01/06/2018	157.70	116	28/06/2018	110.00	1,499	131.05
July 2018	30/07/2018	122.00	445	05/07/2018	110.00	1,096	115.20
August 2018	01/08/2018	121.75	261	10/08/2018	102.40	149	110.47
NSE							
January 2018	05/01/2018	169.75	8,892	01/01/2018	140.00	1,830	151.36
February 2018	19/02/2018	170.00	177	05/02/2018	132.00	1,737	149.67
March 2018	09/03/2018	211.50	9,447	23/03/2018	163.00	1,820	181.77
April 2018	30/04/2018	197.95	166	13/04/2018	160.50	1,409	178.38
May 2018	02/05/2018	198.00	679	30/05/2018	141.10	3,036	171.72
June 2018	01/06/2018	148.00	1,253	01/06/2018	141.40	1,253	131.54
July 2018	03/07/2018	126.00	1,214	06/07/2018	108.50	5,099	114.27
August 2018	23/08/2018	118.40	1,127	10/08/2018	103.40	313	109.53

The closing market price as on July 31, 2018, the date immediately after the date on which the resolution of Board of Directors approving the present Rights Issue was passed was Rs.117.15 and Rs. 110.30 at BSE and NSE, respectively.



The total volume of shares traded on the Stock Exchanges in each month during the six months preceding the date on which the Letter of Offer is filed with Stock Exchange is as under :

Month	Volume (No. of Shares)	
	BSE	NSE
February 2018	35,715	42,077
March 2018	48,867	75,409
April 2018	17,058	20,879
May 2018	34,357	58,652
June 2018	13,591	24,501
July 2018	9,679	38,904
August 2018	23,621	28,279

Investor Grievances and Redressal System

We have adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreements. Additionally, we have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011, under which all investor complaints pertaining to our Company are electronically sent through SEBI Complaints Redress System (SCORES) at <http://scores.gov.in/Admin>. All investor grievances received by us have been handled by the Share Transfer Agent in consultation with the compliance officer.

Our Board has constituted the Stakeholders Relationship Committee. This Committee oversees the reports received from the Registrar and Transfer agent and facilitates the prompt and effective resolution of complaints from our shareholders and investors. Its broad terms of reference include:

- Redressal of Equity Shareholder and Investor complaints including, but not limited to non-receipt of Share Certificates, transfer of Equity Shares and issue of duplicate Share Certificates, non-receipt of balance sheet, non-receipt of declared dividends, etc.; and
- Monitoring transfers, transmissions, dematerialisation, rematerialisation, splitting and consolidation of shares issued by the Company.

Time normally taken for disposal of various types of investor complaints: Not more than 15 days.

Investor Grievances arising out of the Issue

The Investor grievances arising out of the Issue will be handled by the Registrar to the Issue / R&T Agent. They will have a separate team of personnel handling post-Issue correspondences only.

The agreement between us and the Registrar and Transfer Agent provides for retention of records with the R&T for a period of at least one year from the last date of dispatch of Allotment Advice/ share certificate/ demat credit/ refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA investors, giving full details such as folio no. / demat account no., name and address, contact telephone/ cell numbers, email id of the first Investor, number of Rights Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank/ SCSB and the branch where the CAF was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.



The Company is registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by us.

The average time taken by the Registrar for attending to routine grievances will be within 15 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

Number of complaints received during the 3 years preceding the filing of LOF with SEBI / Stock Exchange	19
Number of complaints disposed off during the 3 years period	18
Number of complaints pending for redressal as on date of filing of the LOF with SEBI / Stock Exchange	1
Average time taken for redressal of investor complaints	3 to 4 days

Change in Auditors (for the past 5 years)

There have been no changes in the Auditors of our Company since the last 5 years.

Capitalisation of Reserves or Profits

Except as mentioned in the "Capital Structure" on page 46 of this Letter of Offer, we have not capitalised our reserves or profits since our Company's incorporation.

Revaluation of Assets

There has been no revaluation of assets of our Company in the last five years.



SECTION VIII

ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

This Section applies to all Investors. ASBA Investors should note that the ASBA process involves procedures that may be different from that applicable to other Investors and should carefully read the provisions applicable to such Applications, in the Letter of Offer, the Abridged Letter of Offer and the CAF, before submitting an Application Form. Our Company and the Lead Manager are not liable for any amendments, modifications or changes in applicable law which may occur after the date of the Letter of Offer

OVERVIEW

The Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in the Letter of Offer, the Abridged Letter of Offer, the Composite Application Form, the Split Application Form, the Memorandum of Association and Articles of Association of our Company, and the provisions of the Companies Act, FEMA, the guidelines and regulations issued by SEBI, the guidelines, notifications and regulations for the issue of capital and for listing of securities issued by the Government of India and other statutory and regulatory authorities from time to time, approvals, if any from the RBI or other regulatory authorities, the SEBI Listing Regulations and terms and conditions as stipulated in the allotment advice or security certificate.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Applicants, Non- Institutional Investors (including all companies or body corporates) and other Applicants whose application amount exceeds Rs. 200,000, complying with the eligibility conditions of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, can participate in the Issue only through the ASBA process. Further, all QIBs and Non-Institutional Investors are mandatorily required to use the ASBA facility, even if application amount does not exceed Rs. 200,000. All Retail Individual Investors complying with the conditions prescribed under the SEBI Circular dated December 30, 2009, may optionally apply through the ASBA process, provided they are eligible ASBA investors. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) Investors whose application amount is less than Rs. 200,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renounees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. See "Terms of the Issue - Procedure for Application" on page 297.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues / rights issues and clear demarcated funds should be



available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

Renounees

All rights/obligations of the Eligible Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

Ranking of Equity Shares

The Equity Shares being offered will be subject to the provisions of the Companies Act and our Memorandum of Association and Articles of Association and shall rank *pari passu* with the existing Equity Shares of our Company including rights in respect of dividends. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment.

Mode of Payment of Dividends

We shall pay dividends to our shareholders as per the provisions of the Companies Act, the Listing Agreements and our Memorandum of Association and Articles of Association.

Face Value and Issue Price

The face value of each Equity Share is Rs. 10/- and the Issue Price is Rs. [●] per Equity Share.

Rights Entitlement

Eligible Equity Shareholders whose name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or in the register of members as an Equity Shareholder as on the Record Date, i.e., [●] are entitled to the number of Rights Equity Shares as set out in Part A of the CAF.

The distribution of this Letter of Offer, Abridged Letter of Offer and the issue of Rights Equity Shares on rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons who are in possession of this Letter of Offer, Abridged Letter of Offer or CAF, are required to inform themselves about and observe such restrictions. Our Company is making the issue of the Rights Equity Share to the Eligible Equity Shareholders and this Letter of Offer, the Abridged Letter of Offer and the CAFs will be dispatched only to those Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or the Rights Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of this Letter of Offer, the Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the U.S. and in other restricted jurisdictions.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date.

Terms of Payment



The full amount of Rs. [●] per Rights Equity Share is payable on application.

Where an applicant has applied for additional Rights Equity Shares and is allotted lesser number of Rights Equity Shares than applied for, the excess Application Money paid shall be refunded. The monies would be refunded within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to the existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in a multiple of [●] Equity Shares, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored will be given preference in the allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlement, if any.

Also, those Eligible Equity Shareholders holding less than 5 (five) Equity Shares and therefore entitled to 'Zero' Rights Equity Share under this Issue shall be dispatched a CAF with 'Zero' entitlement. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and would be given preference in the allotment of one additional Rights Equity Share if, such Eligible Equity Shareholders have applied for the additional Rights Equity Shares. However, they cannot renounce the same to third parties. CAFs with zero entitlement shall be non-negotiable/ non - renounceable.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders of the Company shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive any surplus on liquidation subject to any statutory and preferential claims being satisfied;
- Right of free transferability, subject to applicable foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Equity Listing Agreement, and our Memorandum of Association and Articles of Association.

For a detailed description of the main provisions of our Articles of Association relating to voting rights, dividends, forfeiture, lien, transfer and transmission, and/or consolidation/splitting, see "*Main Provisions of Our Articles of Association*" on page 332.

Market Lot and Trading Lot

The market lot for the Equity Shares in dematerialised mode is one Equity Share. In case an eligible Equity Shareholder holds Equity Shares in physical form, we would issue to the Allottees one certificate



for the Rights Equity Shares allotted to each folio (“Consolidated Certificate”) and in case an eligible Equity Shareholder seeks allotment in demat form (whether existing Equity Shares being held in demat or physical form) and provides all relevant and correct details we would allot him in demat form.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

In terms of the provisions of the Companies Act, nomination facility is available in respect of the Rights Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Eligible Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Rights Equity Shares. A person, being a nominee, becoming entitled to the Rights Equity Shares by reason of the death of the original Eligible Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the eligible Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Rights Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at our Registered Office or such other person at such addresses as may be notified by us. The Investor can make the nomination by filling in the relevant portion of the CAF.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013, shall upon the production of such evidence as may be required by the Board, elect either:

1. to register himself or herself as the holder of the Equity Shares; or
2. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other money payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the eligible Equity Shareholder(s) has already registered the nomination with us, no further nomination needs to be made for Rights Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Rights Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant (“DP”) of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform their respective DP.



Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue or if the subscription level falls below 90%, after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, our Company shall forthwith refund the entire application money received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest as prescribed under the Companies Act, 2013.

The Promoter holding Equity Shares in our Company has, vide their letter dated September 15, 2018, undertaken to fully subscribe for their Rights entitlement in the Issue. The Promoter reserves the right to subscribe to their entitlement in the Issue by subscribing for renunciation if any made in their favour. The Promoter may also apply for additional Equity Shares in the Issue, and in case of under-subscription in the issue, shall apply for additional shares to facilitate minimum subscription. As a result of this subscription and consequent allotment, the Promoter may acquire shares over and above their entitlement in the Issue, which may result in an increase of the shareholding being above the current shareholding with the entitlement of Equity Shares under the Issue. This subscription and acquisition of additional Equity Shares by the Promoter, if any, shall be made in compliance with the applicable provisions of the SEBI SAST Regulations. Allotment to the Promoter of any unsubscribed portion, over and above their entitlement shall be done in compliance with SEBI LODR Regulations and other applicable laws prevailing at that time relating to continuous listing requirements.

Arrangement for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on Transfer of Shares

There are no restrictions on transfers and transmission of shares/debentures and on their consolidation/ splitting.

Option to receive Rights Equity Shares in Dematerialised Form

Investors shall be allotted the Rights Equity Shares in dematerialised (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL and the Share Transfer Agent, which enables the Investors to hold and trade in Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates. We have also signed a tripartite agreement with CDSL and the Share Transfer Agent, which enables the Investors to hold and trade in Equity Shares in a dematerialised form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for Rights Equity Shares in dematerialised form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Rights Equity Shares in physical form. No separate CAFs for Rights Equity Shares in physical and/ or dematerialised form should be made.



ISSUE PROCEDURE

Basis for the Issue

The Rights Equity Shares are being offered for subscription for cash to those Equity Shareholders whose names appear as beneficial owners as per the list furnished by the Depositories for the purpose of this Issue in respect of the Equity Shares held in the electronic form and on the Register of Members in respect of the Equity Shares held in physical form at the close of business hours on the Record Date i.e. [●]

Principal Terms of the Rights Equity Shares issued under this Issue

Face Value

Each Rights Equity Share will have the face value of Rs. 10/-

Issue Price

Each Rights Equity Share shall be offered at an Issue Price of Rs. [●] for cash per Rights Equity Share. The Issue Price has been arrived at by our Company in consultation with the Lead Managers.

Rights Entitlement Ratio

The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Rights Equity Share for every [●] Equity Shares held on the Record Date.

Terms of Payment

The full amount of Rs. [●] per Rights Equity Share is payable on application.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to the existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in a multiple of [●] Equity Shares, the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Eligible Equity Shareholders whose fractional entitlements are being ignored will be given preference in the allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlement, if any.

Listing and trading of Rights Equity Shares proposed to be issued

Our existing Equity Shares are currently listed and traded on BSE and NSE. The listing and trading of the Rights Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule.

We have received an “in-principle” approval for listing of the Rights Equity Shares from the BSE and NSE vide their letters dated [●] and [●] respectively. We will apply to BSE and NSE for final approvals



for the listing and trading of the Rights Equity Shares. All steps for the completion of the necessary formalities for listing and commencement of trading of the Rights Equity Shares to be Allotted pursuant to the Issue shall be taken as per the regulatory requirement. The Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on BSE and NSE under the existing ISIN for Equity Shares.

How to Apply

Resident Eligible Equity Shareholders

Applications should be made only on the CAF enclosed with the Letter of Offer. The CAF should be complete in all respects, as explained in the instructions indicated in the CAF. An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an Application to subscribe to the Issue on plain paper. For further details, see the section titled "Application on Plain Paper" on pages 304 and 309. Applications will not be accepted by the Lead Manager or by the Registrar to the Issue or by our Company at any offices, except in the case of postal Applications as per instructions given in this Letter of Offer. ASBA Investors shall be required to indicate either in (i) Part A of the CAF, or (ii) a plain paper Application, as to their desire to avail of the ASBA option of payment.

Non Resident Eligible Equity Shareholders

Non Resident Indian applicants can obtain the CAF from the Registrar to the Issue. Applications received from Non Resident eligible Equity Shareholders for the Issue shall, inter alia, be subject to the conditions as may be imposed from time to time by the RBI under FEMA, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ Allotment advice payment of interest, dividends etc.

APPLICATIONS BY ASBA INVESTORS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA process. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Eligible Equity Shareholders who are eligible to apply under the ASBA process are advised to make their independent investigations and to ensure that the CAF is correctly filled up, specifying the number of the bank account maintained with the Self Certified Syndicate Bank ("SCSB") in which the Application Money will be blocked by the SCSB.

The Lead Manager, our Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Applications uploaded by SCSBs, the amount payable on Application has been blocked in the relevant ASBA Account.

Self Certified Syndicate Banks

The list of banks, which have been notified by SEBI to act as SCSBs for the ASBA process is provided on <http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.



Eligible Equity Shareholders who are eligible to apply under the ASBA process

The option of applying for Equity Shares through the ASBA process is available only to eligible Equity Shareholders of our Company on the Record Date.

In terms of the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009 (“December 2009 Circular”), to qualify as ASBA Investors, eligible Equity Shareholders:

- (a) are required to hold Equity Shares in dematerialised form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Equity Shares in addition to their Rights Entitlement in dematerialised form;
- (b) should not have renounced their Right Entitlement in full or in part;
- (c) should not be Renounees; {paragraphs (a), (b) and (c) are collectively referred to as the “ASBA Investor Eligibility Criteria”}; and
- (d) should apply through blocking of funds in bank accounts maintained with SCSBs.

CAF

The Registrar will dispatch the CAF to all eligible Equity Shareholders as per their Rights Entitlement on the Record Date. Those eligible Equity Shareholders who must apply or who wish to apply through the ASBA process and have complied with the parameters mentioned above will have to select this mechanism in Part A of the CAF and provide necessary details.

Application in electronic mode will only be available with such SCSBs who provide such facility. The Eligible Equity Shareholder shall submit the CAF to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the Application in the said bank account maintained with the same SCSB.

Please note that no more than five Applications (including CAF and plain paper) can be submitted per bank account in the Issue. ASBA Investors are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the amount payable on Application as stated in the CAF will be blocked by the SCSB.

The CAF consists of four parts:

- Part A: Form for accepting the Rights Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Rights Equity Shares;
- Part B: Form for renunciation of Rights Equity Shares;
- Part C: Form for application of Rights Equity Shares by Renounee(s);
- Part D: Form for request for split Application forms

Option available to the Eligible Equity Shareholders

The CAFs will clearly indicate the number of Rights Equity Shares that the Shareholder is entitled to. An Eligible Equity Shareholder can:

- Apply for his Rights Entitlement of Rights Equity Shares in full;
- Apply for his Rights Entitlement of Rights Equity Shares in part;
- Apply for his Rights Entitlement of Rights Equity Shares in part and renounce the other part of the Rights Equity Shares;
- Apply for his Rights Entitlement in full and apply for additional Rights Equity Shares;
- Renounce his Rights Entitlement in full.



Acceptance of the Issue

You may accept the offer to participate and apply for the Rights Equity Shares, either in full or in part without renouncing the balance by filling Part A of the CAFs and submit the same along with the application money payable to the collection branches of the Banker to the Issue as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard. Investors at centres not covered by the branches of the Banker to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Mumbai / demand draft payable at Mumbai to the Registrar to the Issue by registered post/ speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither our Company nor the Lead Manager nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, please see the headings “Mode of Payment for Resident Eligible Equity Shareholders/Investors” and “Mode of Payment for Non-Resident Eligible Equity Shareholders/Investors” on page 326 and 327.

Mode of payment

Investor agrees to block the entire amount payable on Application with the submission of the CAF, by authorising the SCSB to block an amount, equivalent to the amount payable on Application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on Application mentioned in the CAF until it receives instructions from the Registrar to the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per the Registrar to the Issue’s instruction from the bank account maintained with the SCSB, as mentioned by the eligible Equity Shareholder in the CAF. This amount will be transferred in terms of the SEBI ICDR Regulations, into a separate bank account maintained by our Company. The balance amount remaining after the finalisation of the basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The Investor would be required to block the entire amount payable on its Application at the time of the submission of the CAF. The SCSB may reject the Application at the time of acceptance of CAF if the bank account with the SCSB, details of which have been provided by the Eligible Equity Shareholder in the CAF, does not have sufficient funds equivalent to the amount payable on Application mentioned in the CAF. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application only on technical grounds.

Options available to the Investors

A summary of options available to Eligible Equity Shareholders is presented below. ASBA Investors may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Option Available	Action Required
Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (All joint holders must sign)
Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)



Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Equity Shares shall be considered and allotment shall be made at the sole discretion of our Board, subject to sectoral caps and prescribed limits as per applicable laws and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under "Terms of the Issue - Basis of Allotment" on page 316.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Rights Equity Shares in Part A of the CAF. Renouncee(s) applying for all the Rights Equity Shares renounced in their favour may also apply for additional Rights Equity Shares by indicating the details of additional Rights Equity Shares applied in place provided for additional Rights Equity Shares in Part C of CAF. In terms of Regulation 6 of Notification No. FEMA 20 12000-RB dated May 3, 2000, as amended from time to time, only the existing Non-Resident shareholders may subscribe for additional equity shares over and above the equity shares offered on rights basis by our Company.

Where the number of additional Rights Equity Shares applied for exceeds the number of Rights Equity Shares available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Rights Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that we shall not Allot and/or register the Rights Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, existing Eligible Equity Shareholders may not renounce in favour of persons or entities in the U.S., or to, or for the account or benefit of a "U.S. person" (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.

Any renunciation other than as stated above is subject to the renouncer(s)/renouncee(s) obtaining the approval of the FIPB and/or necessary permission of the RBI under the FEMA and such permissions should be attached to the CAF or SAF. In case of Applications which are not accompanied by the aforesaid approvals, our Board reserves the right to reject such CAF or SAF.

Procedure for renunciation

To renounce all the Rights Equity Shares offered to an Equity Shareholder in favour of one Renouncee

If you wish to renounce the Rights Entitlement indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.



To renounce in part/ or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire Rights Entitlement under this Issue in favour of two or more Renounees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as mentioned herein. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Equity Shareholder(s), who has renounced the Rights Equity Shares, does not match with the specimen registered with us/ Depositories, the application is liable to be rejected.

Renounee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Banker to the Issue or to any of the collection branches of the Banker to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the application money in full. **The Renounee cannot further renounce.**

Change and/ or introduction of additional holders

If you wish to apply for the Rights Equity Shares jointly with any other person(s), not more than three (including you), who is/ are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the request for Allotment from the Renounee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Equity Shares offered, using the CAF:

Option available	Action required
Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign in the same sequence)
Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of Rights Entitlement and Block IV relating to additional Equity Shares (All joint holders must sign in the same sequence)
Accept a part of your Rights Entitlement and renounce the balance to one or more Renounee(s)	Fill in and sign Part D (all joint holders must sign in the same sequence) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for
OR	



Renounce your Rights Entitlement of all the Rights Equity Shares offered to you to more than one Renouncee	receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. (a) For the Equity Shares you wish to accept, if any, fill in and sign Part A. (b) For the Rights Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Equity Shares accepted by them
Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one)	Fill in and sign Part B (all joint holders must sign in the same sequence) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (All joint Renouncees must sign)
Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

In case of Rights Equity Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Rights Equity Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

Please note that:

- Options (iii), (iv) and (v) will not be available for Eligible Equity Shareholders applying through ASBA process.
- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom this Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof, and one SAF for the balance corresponding Rights Equity Shares, if any.
- Request by the Eligible Equity Shareholder for the SAFs should reach the Registrar on or before [•].
- Only the Eligible Equity Shareholder to whom this Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Eligible Equity Shareholder(s) by post at the Applicant's sole risk.
- Eligible Equity Shareholders may not renounce in favour of persons or entities in the restricted jurisdictions including the U.S. or to or for the account or benefit of a "U.S. person" (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Rights Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Rights Equity Shares in Part 'C' of the CAF to receive Allotment of such Rights Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.



- *Non-resident Eligible Equity Shareholders:* Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Rights Equity Shares allotted as a part of this Issue shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Rights Equity Shares, subsequent issue and allotment of Rights Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Applications not accompanied by the aforesaid approvals are liable to be rejected.
- Applicants must write their CAF number at the back of the cheque / demand draft.
- The RBI has mandated that CTS 2010 compliant cheques can only be presented in clearing hence the CAFs accompanied by non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Eligible Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Eligible Equity Shareholder who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue at least 7 days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of either original CAF or both the applications.

Neither the Registrar nor the Lead Manager or our Company, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Application on Plain Paper (Non - ASBA)

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with account payee cheque drawn on a bank payable at par, pay order/demand draft (after deducting banking and postal charges) payable at Mumbai which should be drawn in favour of "Krebs - Rights Issue - R" in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of "Krebs - Rights Issue - NR" in case of non-resident shareholders applying on repatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date. The envelope should be super scribed "Krebs - Rights Issue - R" in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis, and "Krebs - Rights Issue - NR" in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with us or the Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Krebs Biochemicals & Industries Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Rights Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;



- Total number of Rights Equity Shares applied for;
- Total amount paid at the rate of Rs. [●] per Rights Equity Share;
- Particulars of cheque/ demand draft;
- Savings/ current account number and name and address of the bank where the Eligible Equity Shareholder will be depositing the refund order. In case of Rights Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue; Documentary evidence for exemption to be provided by the applicants;
- Share certificate numbers and distinctive numbers of Rights Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- If the payment is made by a draft purchased from NRE/ FCNR/ NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/ NRO account;
- Signature of the Applicant to appear in the same sequence and order as they appear in our records /Depositories; and
- For ASBA Investors, application on plain paper should have details of their ASBA Account.
- Additionally, all such applicants are deemed to have accepted the following:

"I/ We understand that neither the Rights Entitlement nor the Rights Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or any U.S. state securities laws, and may not be offered, sold, resold or otherwise transferred within the U.S. or to the territories or possessions thereof (the "U.S.") or to, or for the account or benefit of a "U.S. person" as defined in Regulation S of the Securities Act ("Regulation S"). I/we understand the Rights Equity Shares referred to in this application are being offered in India but not in the U.S. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the U.S., or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlement in the U.S. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the U.S. at any time. I/ we understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is, a resident of the U.S. or a "U.S. person" (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/or the Rights Equity Shares is/are, outside the U.S., (ii) am/ are not a "U.S. person" as defined in Regulation



S, and (iii) is/are acquiring the Rights Entitlement and/or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. We shall refund such application amount to the Eligible Equity Shareholder without any interest thereon and no liability shall arise on part of our Company, Lead Manager and our Directors. In cases where multiple CAFs are submitted, including cases where an investor submits CAFs along with a plain paper application, such applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper application format will be available on the website of the Registrar to the Issue at www.karvy.com

Last date for Application

The last date for submission of the duly filled in CAF is [•]. Our Board may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by our Board or any authorised committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any authorised committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as provided under "Terms of the Issue – Basis of Allotment" on page 316.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT ("ASBA") PROCESS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Lead Manager and we are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Manager, we, our Directors, Affiliates, Associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Applicants, Non-Institutional Investors and other Applicants whose application amount exceeds Rs. 2,00,000/-, complying with the eligibility conditions of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/



30/12 dated December 30, 2009, can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) Investors whose application amount is more than Rs. 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renounees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

Self-Certified Syndicate Banks (SCSB)

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1365051213899.html and/or such other website(s) as may be prescribed by the SEBI or Stock Exchange(s) from time to time. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Eligible Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Rights Equity Shares through the ASBA Process is available only to the Eligible Equity Shareholders on the Record Date.

To qualify as ASBA Applicants, Eligible Equity Shareholders:

- are required to hold Rights Equity Shares in dematerialized form as on the Record Date and apply for: (i) their Rights Entitlement; or (ii) their Rights Entitlement and Rights Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF and further renounced it;
- should not be Renounees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Equity Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA will have to select for this ASBA payment mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Eligible Equity Shareholder shall



submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI Circular dated December 30, 2009.

Acceptance of the Issue under the ASBA process

You may accept the Issue and apply for the Rights Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board or any committee thereof in this regard.

Mode of payment under the ASBA process

The Eligible Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of instructions from the Registrar, the SCSBs shall transfer amount to the extent of Rights Equity Shares allotted in the Rights Issue as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by our Company for the purpose of the Issue. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar and the Lead Manager to the respective SCSB.

The Eligible Equity Shareholders applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, we would have a right to reject the application only on technical grounds.

Please note that in accordance with the provisions of the SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 must mandatorily invest through the ASBA process.

A Retail Individual Investor applying for a value of up to Rs. 2,00,000/-, can participate in the Issue either through the ASBA process or non-ASBA process.

Options available to the Eligible Equity Shareholders applying under the ASBA Process



The summary of options available to the Eligible Equity Shareholders is presented below. You may exercise any of the following options with regard to the Rights Equity Shares, using the respective CAFs received from Registrar:

Option available	Action required
Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign in the same sequence)
Accept your Rights Entitlement in full and apply for additional Rights Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of Rights Entitlement and Block IV relating to additional Equity Shares (All joint holders must sign in the same sequence)

The Eligible Equity Shareholders applying under the ASBA Process will need to select the ASBA process option in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the designated branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the Eligible Equity Shareholder has selected to apply through the ASBA process option.

Additional Rights Equity Shares

You are eligible to apply for additional Rights Equity Shares over and above the number of Rights Equity Shares that you are entitled to, provided that you are eligible to apply for the Rights Equity Shares under applicable law and you have applied for all the Rights Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Rights Equity Shares shall be considered and Allotment shall be made at the sole discretion of our Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “Terms of the Issue - Basis of Allotment” on page 316.

If you desire to apply for additional Rights Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renouncee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

Application on Plain Paper under the ASBA process

An Eligible Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the Designated Branch of SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper from any address outside India will not be accepted.

The envelope should be super scribed “Krebs – Rights Issue- R” or “Krebs – Rights Issue- NR”, as the case may be. The application on plain paper, duly signed by the Investors including joint holders, in



the same order as per the specimen recorded with us or the Depositories, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars

- Name of Issuer, being Krebs Biochemicals & Industries Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Certificate numbers and distinctive numbers of Rights Equity Shares, if held in physical form;
- Number of Rights Equity Shares held as on Record Date;
- Number of Rights Equity Shares entitled to;
- Number of Rights Equity Shares applied for;
- Number of additional Rights Equity Shares applied for, if any;
- Total number of Rights Equity Shares applied for;
- Total amount to be paid at the rate of Rs.100/- per Rights Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/ FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts (subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity), PAN of the Investor and for each Investor in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to the Issue;
- Signature of the Shareholders to appear in the same sequence and order as they appear in our records or depositories records; and
- Additionally, all such applicants are deemed to have accepted the following:

"I/ We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or any U.S. state securities laws, and may not be offered, sold, resold or otherwise transferred within the U.S. or to the territories or possessions thereof (the "U.S.") or to, or for the account or benefit of a "U.S. person" as defined in Regulation S of the Securities Act ("Regulation S"). I/ we understand the Equity Shares referred to in this application are being offered in India but not in the U.S. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the U.S., or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the U.S. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the U.S. at any time. I/ we understand that none of us, the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who, we, the Registrar, the Lead Manager or any other person acting on behalf of us have reason to believe is, a resident of the U.S. or a "U.S. person" as defined in Regulation S, or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.



I/ We understand and agree that the Rights Entitlement and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Rights Equity Shares is/ are, outside the U.S., (ii) am/ are not a "U.S. person" as defined in ("Regulation S"), and (iii) is/ are acquiring the Rights Entitlement and/ or the Rights Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon.

Option to receive Rights Equity Shares in Dematerialized Form

ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE RIGHTS EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Eligible Equity Shareholders applying under the ASBA Process

- 1) Please read the instructions printed on the CAF carefully.
- 2) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer and the Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English. No correction of name, folio/DP client id etc., should be made in the printed CAF sent.
- 3) ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorizing the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.
- 4) The CAF/plain paper application in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose ASBA Account/ bank account details are provided in the CAF and not to the Banker to the Issue/ Collecting Banks (assuming that such Collecting Bank is not a SCSB), to us or Registrar or Lead Manager to the Issue.
- 5) All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/ her PAN allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Rights Equity Shares shall be made into the accounts of such Investors.



- 6) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/ demand draft/ pay order is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- 7) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with us and/ or Depositories.
- 8) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the depository/ us. In case of joint applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.
- 9) All communication in connection with application for the Rights Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/ sole applicant Equity Shareholder, folio numbers and CAF number.
- 10) Only the person or persons to whom the Rights Equity Shares have been offered and not renounee(s) shall be eligible to participate under the ASBA process.
- 11) Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Rights Equity Shares under applicable securities laws are eligible to participate.
- 12) Only the Eligible Equity Shareholders holding shares in demat are eligible to participate through ASBA process.
- 13) Eligible Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.
- 14) Please note that, in terms of SEBI circular CIR/CFD/DIL/1/2011 dated April 29, 2011, all QIB Applicants, Non-Institutional Investors and other Applicants whose application amount exceeds Rs. 2,00,000/- complying with the eligibility conditions of SEBI circular SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors or (iii) Investors whose application amount is more than Rs. 2,00,000/- can participate in the Issue either through the ASBA process or the non ASBA process. Renounees are not eligible ASBA investors and must only apply for the Rights Equity Shares through the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please see "Terms of the Issue - Procedure for Application" on page 306.
- 15) Please note that subject to SCSBs complying with the requirements of SEBI circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.
- 16) Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in their own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in their own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.
- 17) In case of non - receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading "Application on Plain Paper" on pages 304 and 309.



Do's:

- 1) Ensure compliance with eligibility conditions prescribed under the SEBI circular no. SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009.
- 2) Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- 3) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Rights Equity Shares will be allotted in the dematerialized form only.
- 4) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- 5) Ensure that there are sufficient funds [equal to {number of Rights Equity Shares as the case may be applied for} X {Issue Price of Rights Equity Shares, as the case may be}] available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- 6) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- 7) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.
- 8) Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the Income Tax Act.
- 9) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- 10) Ensure that the Demographic Details are updated, true and correct, in all respects.
- 11) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.
- 12) Apply under ASBA process only if you comply with the definition of an ASBA Investor.

Don'ts:

- 1) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- 2) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- 3) Do not pay the amount payable on application in cash, by money order, by pay order or by postal order.
- 4) Do not send your physical CAFs to the Lead Manager/ Registrar/ Collecting Banks (assuming that such Collecting Bank is not a SCSB)/ to a branch of the SCSB which is not a Designated Branch of the SCSB/Company; instead submit the same to a Designated Branch of the SCSB only.
- 5) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- 6) Do not apply if the ASBA account has already been used for five Eligible Equity Shareholders.
- 7) Do not apply through the ASBA Process if you are not an ASBA Investor.
- 8) Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejections under the ASBA Process



In addition to the grounds listed under “Grounds for Technical Rejections for non-ASBA Investors” herein, applications under the ASBA Process are liable to be rejected on the following grounds:

- Application on a SAF
- Application for allotment of Rights Entitlements or additional Rights Equity Shares which are in physical form.
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Submission of an ASBA application on plain paper to a person other than a SCSB.
- Sending CAF to a Lead Manager/ Registrar/ Collecting Bank (assuming that such Collecting Bank is not a SCSB)/ to a branch of a SCSB which is not a Designated Branch of the SCSB/ Company.
- Insufficient funds being available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details have been mentioned in the CAF / Plain Paper Application having been frozen pursuant to regulatory order.
- ASBA Account holder not signing the CAF or declaration mentioned therein.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. Person” (as defined under Regulation S) and does not have a registered address (and is not otherwise located) in the U.S. or restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/ dispatched from a restricted jurisdiction or executed by or for the account or benefit of a U.S. Person (as defined in Regulation S).
- Renounees applying under the ASBA Process.
- Submission of more than five CAFs per ASBA Account.
- QIBs, Non-Institutional Investors and other Eligible Shareholders applying for Rights Equity Shares in the Issue for value of more than ` 2,00,000 who hold Equity Shares in dematerialised form and is not a renouncer or a Renounee not applying through the ASBA process.
- The application by an Eligible Shareholder whose cumulative value of Rights Equity Shares applied for is more than Rs. 2,00,000/- but has applied separately through split CAFs of less than Rs. 2,00,000/- and has not done so through the ASBA process.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR number instead of the PAN.
- An investor, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
- If an Investor is (a) debarred by SEBI and/or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
- ASBA Bids by SCSBs applying through the ASBA process on own account, other than through an ASBA Account in its own name with any other SCSB.

Depository account and bank details for Eligible Equity Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE



EQUITY SHAREHOLDER ON THE RECORD DATE. ALL ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF / PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Eligible Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Eligible Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF / plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository demographic details of these Eligible Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Eligible Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Eligible Equity Shareholders including mailing of the letters intimating unblocking of their respective ASBA Accounts. The Demographic Details given by the Eligible Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Eligible Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Eligible Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking the funds would be mailed at the address of the Eligible Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Eligible Equity Shareholders. Eligible Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Eligible Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Eligible Equity Shareholders applying under the ASBA Process and none of us, the SCSBs or the Lead Manager shall be liable to compensate the Eligible Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Equity Shareholders (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date	[●]
Last date for receiving requests for SAFs	[●]
Issue Closing Date	[●]



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

Basis of Allotment

Subject to the provisions contained in the Draft Letter of Offer, this Letter of Offer, Abridged Letter of Offer, CAF, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

- (i) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
- (ii) Investors whose fractional entitlements are being ignored and Eligible Equity Shareholders with Zero entitlement would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Share. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (i) above. If number of Equity Shares required for Allotment under this head are more than number of Equity Shares available after Allotment under (i) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange, as a part of Issue and will not be a preferential allotment.
- (iii) Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an unsubscribed portion after making full Allotment in (i) and (ii) above. The Allotment of such Equity Shares will be at the sole discretion of our Board/Committee in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (iv) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (i), (ii) and (iii) above. The Allotment of such Equity Shares will be at the sole discretion of our Board/ Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (v) Allotment to any other person that the Board as it may deem fit provided there is surplus available after making Allotment under (i), (ii), (iii) and (iv) above, and the decision of the Board in this regard shall be final and binding.

Our Promoter, vide letter dated September 15, 2018, has confirmed that they intend to subscribe to their Rights Entitlement in full in the Issue, in compliance with regulation 10(4) of the SEBI Takeover Regulations and may subscribe to additional Rights Equity Shares (including any unsubscribed portion of the Issue), subject to their total investment in the Issue including subscription towards Rights Entitlement.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) shall be exempt in terms of Regulation 10 (4) (a) and (b) of the SEBI Takeover Regulations subject to fulfilment of conditions mentioned therein and shall not result in a change of control of the management of our Company in accordance with provisions of the SEBI Takeover Regulations.

After taking into account Allotment to be made under (i) to (iv) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.



Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- 1) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA Investors;
- 2) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- 3) The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Underwriting

The Issue is not underwritten.

Allotment Advices/ Refund Orders

Our Company will issue and dispatch allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centres where clearing houses are managed by the Reserve Bank of India ("RBI"), payment of refund would be done through NACH except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Rights Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and our Company issues letter of allotment, the corresponding Rights Equity Share certificates will be kept ready within two months from the date of Allotment thereof under section 56 of the Companies Act or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the Rights Equity Share certificates.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor's registered address in India or the Indian address provided by the Eligible Equity Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Our Company shall ensure at par facility is provided for encashment of refund orders or pay orders at the places where applications are accepted.

As regards allotment/ refund to Non-residents, the following further conditions shall apply:



In the case of Non-resident Shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post / speed post to the address in India of the Non-Resident Shareholders or Investors.

Letter of Offer/ Abridged Letter of Offer and the CAF shall be dispatched to only such Non-resident Shareholders who have a registered address in India or have provided an Indian address

Payment of Refund

Mode of making refunds

The payment of refund, if any, including in the event of oversubscription, would be done through any of the following modes:

1. NACH - National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.
2. National Electronic Fund Transfer ("NEFT") - Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
3. Direct Credit - Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
4. RTGS - If the refund amount exceeds Rs. 2,00,000/-, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.



5. For all other Investors the refund orders will be dispatched through Speed Post/ Registered Post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
6. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

Refund payment to Non- resident

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/ refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice/ Share Certificates/ Demat Credit

Allotment advice/ Share Certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within the timeline prescribed under applicable law. In case our Company issues Allotment advice, the respective Share Certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for Share Certificates.

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL and the Registrar to the Issue on June 24, 2016, which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. We have also signed a tripartite agreement with CDSL and the Registrar to the Issue on June 23, 2016, which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the Allottees who have opted for Rights Equity Shares in dematerialized form will receive their Rights Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account.



CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/ or dematerialized form should be made. If such CAFs are made, the CAFs for physical Rights Equity Shares will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Rights Equity Shares sought in demat and balance, if any, will be allotted in physical Rights Equity Shares. Eligible Shareholders of our Company holding Equity Shares in physical form may opt to receive Rights Equity Shares in the Issue in dematerialized form.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in our records. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in our records). In case of Investors having various folios with different joint holders, the Investors will have to open separate accounts for such holdings. Those Eligible Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.
- For Eligible Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficiary account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Eligible Equity Shareholders and the names are in the same order as in our records.
- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.
- If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Rights Equity Shares in physical form.
- The Rights Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to the applicant the confirmation of the credit of such Equity Shares to the applicant's depository account. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.
- Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Eligible Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.



General instructions for non-ASBA Investors

- (i) Please read the instructions printed on the CAF carefully.
- (ii) Applicants that are not QIBs or are not Non – Institutional Investor or those who's Application Money does not exceed Rs. 200,000/- may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renounees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- (iii) Application should be made on the printed CAF, provided by us except as mentioned under the head "Application on Plain Paper" on page 304 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer or Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father's/ husband's name must be filled in block letters.
- (iv) Eligible Equity Shareholders participating in the Issue other than through ASBA are required to fill Part A of the CAF and submit the CAF along with Application Money before close of banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard. The CAF together with the cheque/ demand draft should be sent to the Banker to the Issue/ Collecting Bank or to the Registrar to the Issue and not to us or Lead Manager to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post/speed post. If any portion of the CAF is/ are detached or separated, such application is liable to be rejected. **CAFs received after banking hours on closure day will be liable for rejection.**

Applications where separate cheques/demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected. Applications accompanied by cash, postal order or stockinvest are liable to be rejected.

- (v) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/ her PAN allotted under the Income Tax Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.
- (vi) Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- (vii) All payment should be made by cheque/ demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (viii) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Eligible Equity Shareholders must sign the CAF as per the specimen signature recorded with us/ Depositories.



- (ix) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and certified true a copy of the Memorandum and Articles of Association and/ or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with us, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.
- (x) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with us or the Depositories. Further, in case of joint Investors who are Renounees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- (xi) Application(s) received from NRs/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, including regulations relating to QFI's, in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/ NRIs in the U.S. or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- (xii) All communication in connection with application for the Equity Shares, including any change in address of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/ sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Eligible Equity Shareholders, after the date of Allotment, should be sent to our Registrar and Transfer Agent, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- (xiii) SAFs cannot be re-split.
- (xiv) Only the Equity Shareholder(s) and not Renounee(s) shall be entitled to obtain SAFs.
- (xv) Investors must write their CAF number at the back of the cheque/ demand draft.
- (xvi) Only one mode of payment per application should be used. The payment must be by cheque/ demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- (xvii) A separate cheque/ draft must accompany each CAF. Outstation cheques/ demand drafts or post-dated cheques and postal/ money orders will not be accepted and applications accompanied by such outstation cheques/ outstation demand drafts/ money orders or postal orders will be rejected.
- (xviii) No receipt will be issued for application money received. The Banker to the Issue/ Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- (xix) The distribution of this Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard this Letter of Offer and not to attempt to subscribe for Equity Shares.
- (xx) Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.



Do's for non-ASBA Investors:

- Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- Read all the instructions carefully and ensure that the cheque/ draft option is selected in Part A of the CAF and necessary details are filled in;
- In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares will be allotted in the dematerialized form only;
- Ensure that your Indian address is available with our Company and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;
- Ensure that the value of the cheque/ draft submitted by you is equal to the {(number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be)} before submission of the CAF. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges;
- Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the Income Tax Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit Application accompanied with Stock invest;

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Submission of CAFs to the SCSBs;
- Submission of plain paper Applications to any person other than the Registrar to the Issue;
- Age of Investor(s) not given (in case of Renouncees);



- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted;
- If the signature of the Equity Shareholder does not match with the one given on the CAF and for Renouncee(s) if the signature does not match with the records available with their Depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and this Letter of Offer;
- CAFs not duly signed by the sole/ joint Investors;
- CAFs/ SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue;
- CAFs accompanied by Stockinvest/ outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand draft;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the U.S. or other restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/ dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where the registered address in India has not been provided;
- CAFs where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- CAFs submitted by Renouncees where Part B of the CAF is incomplete or is unsigned. In case of joint holding, all joint holders must sign Part 'B' of the CAF;
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, including minors;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application;
- Applications from QIBs, Non-Institutional Investors or Investors applying in this Issue for Equity Shares for an amount exceeding Rs. 200,000/-, not through ASBA process.
- Failure to mention an Indian address in the Application. Application with foreign address shall be liable to be rejected.
- If an Investor is debarred by SEBI and if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlement.
- Non - ASBA applications made by QIBs and Non - Institutional Investors.

Please read this Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully, before filling the CAF. The instructions contained in the CAF are an integral part of this Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in this Letter of Offer or the CAF.

Investment by FPIs, FIIs and QFIs

SEBI, On January 7, 2014, notified the SEBI FPI Regulations pursuant to which FIIs, its sub-accounts and QFIs categories of investors were merged to form a new category called 'Foreign Portfolio



Investors'. Prior to the notification of the SEBI FPI Regulations, portfolio investments by FIIs and sub-accounts were governed by SEBI under the FII Regulations and portfolio investments by QFIs were governed by various circulars issued by SEBI from time to time (QFI Circulars). Pursuant to the notification of the SEBI FPI Regulations, the FII Regulations were repealed and the QFI Circulars were rescinded.

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) is not permitted to exceed 10% of our Company's post-Issue Equity Share Capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% 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 sectoral cap by way of a resolution passed by the Board followed by a special resolution passed by the Eligible Equity Shareholders of our Company. Pursuant to a resolution of our shareholders passed at the AGM held on July 23, 2013, the aggregate limit of investments by FIIs in our Company is 49% of the paid up equity share capital of our Company.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An 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 (other than a sub-account which is a foreign corporate or a foreign individual) may participate in the Issue, until expiry of its registration as an FII or sub-account or until it obtains a certificate of registration as an FPI, whichever is earlier. If the registration of an FII or sub-account has expired or is about to expire, such FII or sub-account may, subject to payment of conversion fees as applicable under the SEBI FPI Regulations, participate in the Issue. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

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.

Further, in terms of the SEBI (FPI) Regulations, a QFI may continue to buy, sell or otherwise deal in securities, subject to the provisions of the SEBI (FPI) Regulations, until January 6, 2015 (or such other date as may be specified by SEBI) or until the QFI obtains a certificate of registration as FPI, whichever is earlier.

The existing individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid-up capital of an Indian company, respectively. In terms of the FEMA Regulations, a QFI shall not be eligible to invest as a QFI upon obtaining registration as an FPI. However, all investments made by a QFI in accordance with the regulations, prior to registration as an FPI shall continue to be valid and taken into account for computation of the aggregate limit.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended. Applications will not be accepted from NRIs in restricted jurisdictions.

NRI Applicants may please note that only such Applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The NRI Applicants



who intend to make payment through NRO accounts shall use the Application Form meant for resident Indians and shall not use the Application Forms meant for reserved category.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding Rs. 2,00,000/- shall mandatorily make use of ASBA facility.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding `200,000 shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed Rs. 200,000/-, subject to their fulfilling the eligibility conditions to be an ASBA Investor.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended ("SEBI VCF Regulations") and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended ("SEBI FVCI Regulations") prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 ("SEBI AIF Regulations") prescribe, amongst other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Mode of payment for Resident Eligible Equity Shareholders/ Investors

- All cheques/ drafts accompanying the CAF should be drawn in favour of "Krebs – Rights Issue - R" crossed 'A/c Payee only' and should be submitted along with the CAF to the Banker to the Issue or to the Registrar to the Issue;
- Investors residing at places other than places where the bank collection centres have been opened by us for collecting applications, are requested to send their CAFs together with Demand Draft for



the full application amount, net of bank and postal charges favouring the Banker to the Issue, crossed 'A/c Payee only' and marked "Krebs - Rights Issue - R" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. We, the Lead Manager or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Manager. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Eligible Equity Shareholders/ Investors

As regards the application by non-resident Eligible Equity Shareholders/ Investors, the following conditions shall apply:

- Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can also obtain application forms from the following address:

Karvy Computershare Private Limited

SEBI REGN NO. INR000000221

Karvy Selenium Tower B, Plot 31-32,

Gachibowli, Financial District,

Nanakramguda,

Hyderabad - 500 032

Tel: 040-33215130

Note: This Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- All non-resident investors should draw the cheques/ demand drafts for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/collection centres or to the Registrar to the Issue.
- Non-resident investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges, and marked "Krebs - Rights Issue - R" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Payment by non-residents must be made by demand draft payable at Mumbai/cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- (i) By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);



- (ii) By local cheque / bank drafts remitted through normal banking channels or out of funds held in Non-Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance;
- (iii) By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Mumbai;
- (iv) FIIs/FPIs registered with SEBI must remit funds from special non-resident rupee deposit account;
- (v) Non-resident investors applying with repatriation benefits should draw cheques/ drafts in favour of 'Krebs - Rights Issue - NR' and must be crossed 'account payee only' for the full application amount;
- (vi) Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts, as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- (i) As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- (ii) All cheques/ drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of 'Krebs - Rights Issue - R' and must be crossed 'account payee only' for the full application amount. The CAFs duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- (iii) Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts, as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- (iv) New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the I.T. Act.
- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.



Impersonation

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act 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".

Section 447 of the Companies Act provides for punishment for fraud which inter alia states punishment of imprisonment for a term which shall not be less than six month but which may extend to ten years and shall be liable to a fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by us. However, the Banker to the Issue/Registrar to the Issue/ Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF. Our Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Rights Equity Shares allotted, will be refunded to the Investor within the timelines prescribed under applicable law. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law. For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board declares that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account;
- (b) Details of all monies utilised out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- (c) Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested; and
- (d) Our Company may utilise the funds collected in the Issue only after the Basis of Allotment is finalized.



Undertakings by our Company

Our Company undertakes the following:

- (i) The complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily.
- (ii) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Equity Shares are to be listed will be taken within 7 working days from the date of finalization of the Basis of Allotment.
- (iii) The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by us.
- (iv) We undertake that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (v) Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the basis of Allotment.
- (vi) The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.
- (vii) Except as Equity Shares that may be allotted under ESOS, no further issue of securities affecting our equity capital shall be made till the securities issued/ offered through this Letter of Offer and are listed or till the application money are refunded on account of non-listing, under-subscription etc.
- (viii) At any given time there shall be only one denomination of our Equity Shares.
- (ix) We accept full responsibility for the accuracy of information given in this Letter of Offer and confirm that to the best of our knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that we have made all reasonable enquiries to ascertain such facts.
- (x) All information shall be made available by the Lead Manager and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
- (xi) We shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If our Company does not receive minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within the prescribed time. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Important

- Please read this Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with this Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed "Krebs – Rights Issue" on the envelope and postmarked in India) to the Registrar to the Issue at the following address:



Name	Karvy Computershare Private Limited
Address	Karvy Selenium Tower B, Plot 31-32 Gachibowli, Financial District, Nankramguda Hyderabad - 500 032
Telephone No	040-33215130
E mail:	murali.m@karvy.com
Contact Person	Mr. Murali Krishna M

It is to be specifically noted that this Issue of Rights Equity Shares is subject to the risk factors mentioned in "Risk Factors" on page 11.

The Issue will remain open for a minimum 15 days. However, our Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.



SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

TERMS OF THE ARTICLES OF ASSOCIATION

Preliminary

1. In the construction of these Articles, unless there by something in the subject or context inconsistent therewith words or expression contained in these presents shall bear the same meaning as in the Companies Act 1956 and in particular.
 - i) "The Company" or "This Company" means "KREBS BIOCHEMICALS & INDUSTRIES LIMITED".
 - ii) "The Act" or "The said Act" means the Companies Act 1956 for the time being in force.
 - iii) "The Office" means "The Registered Office of the Company" for the time being.
 - iv) "Dividend" includes Bonus.
 - v) "Articles" means the Articles of Association for the time being in force.
 - vi) "Register of Members" means the Register of shareholders or members to be kept pursuant to Section 150 of the said act.
 - vii) "Directors" or "The Board" means the Directors for the time being in force.
 - viii) "Auditors, Manager and Secretary" mean those officers for the time being in the Company.
 - ix) "Extra Ordinary General Meeting" means a general meeting of the shareholders of the company other than Annual general meeting.
 - x) "Seal" means common seal of the company for the time being of the company.
 - xi) "Month" means calendar month
 - xii) "In writing" means written or printed or partly written and partly printed or lithographed, or typewritten or other substitute for writing.
 - xiii) Words importing the singular shall include plural and viceversa.
 - xiv) Words including masculine gender shall include the feminine gender.
 - xv) Words importing persons shall include bodies corporate and all other persons recognised by law as such.
 - xvi) "Beneficial Owner" shall mean beneficial owner as defined in Clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996.
 - xvii) "Depositories Act, 1996" shall include any statutory modification or re-enactment thereof; and
 - xviii) "Member" means the duly registered holder from time to time of the shares of the company and includes subscribers of the Memorandum of the Company and the beneficial owner(s) as defined in Clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996.
 - xix) "Security" means such security as may be specified by SEBI from time to time.



SHARES

2. The authorised share capital of the company shall be such amount and divided into such shares as may be provided for in Clause V of the Memorandum of Association with power to increase or decrease the capital and to divide the same into shares of different classes with specified rights to each class and also to abrogate such rights in such manner as may be provided in the Act.
3. The shares shall be under the control of the Board who may allot or otherwise dispose them of to such persons on such terms and conditioned and either at a premium or at par and at such times as the Board thinks fit. The Board may issue shares either partly or fully paid up in payment or part payment of any property sold or transferred, goods or machinery supplied or services rendered to the company in or about the formation or promotion of the Company of the conduct, of its business.
4. Subject to the provisions of Section 79 of the Companies Act, the Board of Directors may issue shares of a class already issued at a discount.
5. I) The company may pay a commission to any person in consideration of,
 - a) His subscribing or agreeing to subscribe whether absolutely or conditionally for any share in, or debentures of the company, or,
 - b) His procuring or agreeing to procure subscriptions whether absolutely or conditionally for any shares in or debentures of the company.II) The rate per cent or the amount of the commission, paid or agreed to be paid in the case of shares, shall not exceed 5 per cent of the price at which the shares are issued, and in the case of debentures 2.5 per cent of the price at which the debentures are issued, and
III) The rate per cent of the amount of the commission paid to or agreed to be paid shall be disclosed in the manner required by sub-clause (iii) and (iv) of sub-section (1) of section 76 of the Act.
IV) The commission may be satisfied by the payment of cash or allotment of fully or partly paid shares or partly in one way and partly in the other.
V) The company may pay such brokerage as may be reasonable and lawful.
6. The Board shall make, on the issue of shares, calls for the capital on a uniform basis on all shares falling under the same class. For the purpose of this articles, share of the same nominal value on which different amounts have been paid up shall not be taken to come under the same category.
7. The joint holders of shares shall be severally and jointly liable to the payment of instalments and calls due on such share.
8. Except as required by law, no person shall be recognised by the company as holding any share upon any trust and the company shall not be bound by or be compelled in any way to recognise (even when having notice) thereof any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) any other rights in respect of any share an absolute rights to the entirety thereof in the registered holder.
9. The company shall cause to be kept a register of members and index of members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in material and dematerialised forms in any media as may be permitted by law, including any form of electronic media.
10. Except as provided under section 77 of the Act no part of the company's funds shall be employed in the purchase or lent on the shares of the Company.

ALTERATION OF SHARE CAPITAL



11. The Board may from time to time with the sanction of the company by ordinary resolution increase the share capital of the company by such sum, to be divided into shares of such amount and of such class with such rights and privileges attached thereto as may be specified in the resolution.
12. Subject to the provisions of Sections 85, 86, 87 & 88 of the Act, the shares shall be issued at such time or times and on such terms and conditions and with such rights and privileges as may be specified in the resolution creating the shares.
13. The provisions of Section 81 of the Act shall regulate any increase of subscribed capital of the company by issue of new shares.
14. The company may:
 - i. By special resolution and subject to confirmation by the court, reduce its share capital in any way, and particular and without prejudice to the generally of the foregoing power:
 - a) Extinguish or reduce the liability on any of its shares in respect of share capital not paid up.
 - b) Either without extinguishing or reducing the liability on any of its shares, cancel any paid up share capital which is lost or is un-represented by available assets, or
 - c) Either with or without extinguishing or reducing liability on any of its shares, pay of any paid up shares capital which is in excess of the wants of the company, and may, if and so far as is necessary, alter its memorandum by reducing the amount of share capital and to its shares accordingly
 - ii. By special resolution reduce in any manner and with and subject to any incident authorised and consent required by law
 - a) Any capital redemption account , or
 - b) Any share premium account.
15. The company may, by ordinary resolution:
 - a) Consolidate and divide all or any of its share capital into shares of larger amount than its existing shares.
 - b) 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 94 of the Act, and
 - c) Cancel any shares which, at the date of passing the resolution in that behalf, have not been taken or agreed to be taken by any person.

SHARE CERTIFICATE

16. Every certificate of share shall be numbered, shall specify the amount paid thereon and shall be sealed and signed by such person or persons as may from time to time be authorised in that behalf by the Board.
17. Every person whose name is entered as member in the Register of member shall be entitled to receive within ten weeks of closure of subscription list or within such period as the conditions of issue shall provide.



- a) One certificate for all his shares without payment
 - b) Several certificates each for one or more of his shares, upon payment of such sum, if any, fixed by the Board not exceeding one rupee for every certificate after first.
18. Joint allottees of a share shall, for the purpose of these Articles, be treated as a single member and the certificate of any share which may be the subject of joint ownership, may be delivered to the person first named in the register.
- 19.1 If any certificate is torn or defaced or there is no space in the back thereof for making endorsement or transfer of the same, or production to the company, may be cancelled and a new certificate issued in lieu thereof without any charge.
2. If any share certificate is lost or destroyed, the party concerned shall, subject to furnishing the proof to the satisfaction of the Board and on payment of out of pocket expenses incurred by the company and on such indemnity as may be considered adequate by the Board, be issued a new certificate marking as such in lieu of the lost or destroyed one. For every certificate issued under this sub-clause a sum not exceeding Rupee 1 as may be determined by the Board from time to time, shall be paid to the company.

CALLS ON SHARES

20. The Board may, from time to time make calls upon the members in respect of any moneys unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times.
21. Thirty days' notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid, provided that before the time for payment of such call, the Board may be notice in writing to the members revoke the same or extend the time for payment thereof.
22. A call shall be deemed to have been made at the time when the resolution authorising the call was passed by the Board.
- 23.1. Any amount which by the terms of issue of a shares become payable on allotment of at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for purposes of these Articles, be deemed to be a call duly made and payable on the date on which the amount becomes payable by the terms of issue.
2. In case of non-payment of such sum, all the relevant provisions of these presents as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such amount had become payable by virtue of a call duly made and notified.
24. If the amount payable on a call or instalment is not paid on or before the day appointed for payment thereof, the holder for the time being of the share in respect of which the call shall be due, shall pay interest from the day appointed for the payment thereof to the time of actual payment at such rate not exceeding 18% p.a as the Board may determine. The Board shall have power to waive payment of any such interest wholly or in part.
25. On the trial or hearing of any action for the recovery of any money due on any call, it shall be sufficient for the company to prove that the name of the member sued is entered in the register as the holder of the shares in respect of which such debt accrued, that the resolution, making the call, is duly recorded in the minutes book and that notice, if any, of such call was duly given to the



member sued in pursuance of these articles and it shall not be necessary to prove any other matter whatsoever but the proof of matter aforesaid shall be conclusive evidence of the debt.

26. The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the sum due upon any shares held by him in excess of the sums called up, and upon the sum so paid or satisfied in advance, or so much thereof as from time to time exceeds the sum called upon the shares in respect of which such advance, has been made, the Board may, until the same would but for such advance, become presently payable, pay interest at such rate as agreed upon between the Board and the member paying the sum in advance but in no case not less than 15% P.A and the Board, may at any time repay the sum so advanced to such member.
27. The Board may without the consent of the member adjust any amount due by the company to such member in or towards payment of any amount due to the company on account of calls or otherwise.

FORFEITURE OF SHARES

28. If any member fails to pay any call, instalment or any interest thereon or any amount whatsoever due to the company, on or before the day appointed for payment of the same, whether demanded or not by the company, the Board may, at any time thereafter and during such time as the call, instalment, interest or such amount, remains unpaid, serve a notice on such members of any person, if any, entitled to the share by transmission, requiring him to pay the amount due together with any interest that may have accrued.
29. The notice aforesaid shall name another day not being less than 14 days from the date of the notice and a place, or places on and at which such call or instalment are to be paid. The notice shall also state that, in the event of non-payment at or before the time and the place appointed the share in respect of which the call was made or instalment is payable will be liable to be forfeited.
30. If the requirements of the notice as aforesaid are not complied with any shares in respect of which such notice has been given may, at any time thereafter before payment of all calls, instalments, interests due in respect thereon be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before the forfeiture.
31. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the company in respect of a share and all other rights incident to the share except, only such of those rights as are expressly saved by these articles.
32. The Board may sell, re-allot or otherwise dispose of a forfeited share in such manner as it thinks fit.
33. The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as it thinks fit.
34. 1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture remain liable to pay to the company all moneys which at the date of forfeiture were presently payable by him to the company together with interest thereon from the time of forfeiture until payment at such rate not exceeding 12 percent as the Board may determine.
- 2) The liability of such person shall cease only if and when the company shall have received payment in full of all such moneys in respect of the shares.
- 3) The Board may enforce the payment of moneys so due.
35. Either a judgement or a decree in favour of the company for calls or other moneys due on any shares or any part payment or satisfaction thereof, or the receipt by the company of a portion of any money which shall from time to time be due from any member on his shares, either towards principal or interest or any indulgence granted by the company in regard to payment of any such money, shall



not preclude the company thereafter from proceeding to enforce forfeiture of such shares as herein provided.

36. A duly verified declaration in writing that the declarant is a director or the secretary of the company and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the fact therein stated as against all persons claiming to be entitled to the share.
37. The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed and the transferee shall thereupon be registered as the holder of the share.
38. The transferee shall not be bound to the purchase money, if any, nor his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

LIEN ON SHARES

39. The company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share.
40. The company's lien, if any, on a share shall extend to all dividends payable thereon.
41. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien.

Provided that no sale shall be made:

- a) Unless a sum in respect of which the lien exists is presently payable, or
- b) Until the expiration of fourteen days after a notice in writing stating and demanding payment or such part of amount in respect of which lien exists as if presently payable has been given to the registered holder for the time being of the share or the persons entitled thereto by reason of his death or insolvency.
- 42.1) The proceeds of the share shall be received by the company and applied in payment of such part of the amount in respect of which the line exists as is presently payable.
- 2) The residue, if any, shall, after payment of costs of sale and subject to a like lien for sums are 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.
43. Upon any sale after forfeiture or for enforcing a lien in exercise of the powers herein before given the board may authorise some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the register in respect of the shares sold, and the purchaser 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 in respect of such shares, the validity of the sale shall not be disputed by any person by any irregularity or invalidity in the proceedings in reference to the sale.

44A. DEMATERIALISATION OF SECURITIES



Notwithstanding anything contained in these articles, the company shall be entitled to dematerialise its existing securities and rematerialize its securities held in the depositories and/or to offer fresh securities in a dematerialised form pursuant to the Depositories Act, 1996 and the rules framed there under, if any.

Option to Investor

Every person subscribing to securities offered by the company shall have the option to receive security certificates or to hold the securities with a depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted by law, in respect of any security in the manner provided by the Depositors Act and the company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of securities.

If a person opts to hold his security with a depository, the company shall intimate such depository the details of allotment of security and on receipt of the information the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

Securities in depositories to be in fungible form

All securities held by a depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

Rights of depositories and beneficial owners

- a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner of the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- c) Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the company. The beneficial owner of securities shall be entitled to all rights and benefits and be subject to all the liabilities in respect of his securities which are held by a depository.

Service of documents

Notwithstanding anything contained in the Act, or these articles to the contrary, where securities are held in depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

Transfer of securities

Nothing contained in Section 108 of the Act or these articles shall apply to transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository.

Allotment of securities dealt with in a depository



Notwithstanding anything in the Act, or these Articles, where securities are dealt with by a depository, the company shall intimate the details thereof to the depository, immediately on allotment of such securities.

Distinctive numbers of securities held in a depository

Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the company shall apply to securities held with a depository.

Register and Index of beneficial owners

The Register and Index of beneficial owners maintained by a depository under Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security holders for the purpose of these Articles.

44. B) NOMINATION OF SHARES

- i) Every holder/joint holder of shares or holder/joint holder of debentures of the company may at any time, nominate, in accordance with the provisions of and in the manner provided by Section 109A of the Companies Act, 1956 and any amendments thereof from time to time, a person to whom all rights in the shares or debentures of the company shall vest in the event of death of the holder/joint holder.
- ii) Subject to the provisions of Section 019A of the Act and Article 43B of Articles of Association of the company, any person who becomes a nominee by virtue of the provisions of the Act, upon the production of such evidence as may be required by the Board or committee thereof, elect either to be registered himself as holder of the shares or debentures as the case may be, or make such transfer of the share or debenture as the case may be, could have made, in accordance with the provisions of and in the manner prescribed by Section 109B of the Companies Act, 1956 and any amendments thereto from time to time.

Provided that the Board may, at any time, give notice requiring any such person to elect, either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share or debenture, until the requirements of the notice have been complied with.

- iii) A person, being a nominee, becoming entitled to a share or debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share or debenture except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.

TRANSFER OF SHARES

45. The company shall not register a transfer of shares in, or debentures of the company, 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 shares or debentures or if no such certificate is in existence, along with the letter of allotment of the shares or debentures and any other evidence that the Board may require to prove the title of the transferor and his right to transfer the



shares or debentures. The transferor shall remain the holder of such share until the name of the transferee is entered in the register in respect thereof.

46. The instrument of transfer shall be in the form prescribed by the Act or as near thereto as circumstances will admit.
- a) An application for the registration of a transfer or the shares may be made either by the transferor or by the transferee.
 - b) If the application for transfer involves partly paid up shares, the transfer shall not be effected unless the company gives notice of the transfer to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
 - c) Notice to the transferee shall be deemed to have been duly given if it is dispatched by pre-paid register post 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 pose.
 - d) If no objection received from the transferee within two weeks from the receipt of the notice, the transfer shall be effected and the transferee's name entered in the Register of Members in such manner and subject to the same conditions as if the application had been made by the transferee for transfer.
47. No transfer shall be made in the name of an infant, insolvent or person of unsound mind.
48. The Board may at its discretion but subject to the right of appeal conferred by Section 3 of the Act and provisions of Section 22A of the Securities Contract and (Regulations) Act, 1956 refuse to register the transfer of, or the transmission by operation of law of the right to any shares or interest of a member in the company.
49. If pursuant to any such power, the company refuses to register any such transfer or transmission of right, it shall, within two months from the date on which the instrument of transfer, or the intimation of such transmission as the case may be was delivered to the company, send notice of the refusal to the transferee or the transferor or to the persons giving intimation of such transmission as the case may be.
50. Every instrument of transfer duly stamped shall be left at the office for registration, accompanied by the certificate of the shares to be transferred and any other evidence that the Board may require to prove the title of the transferor or his right to transfer the shares, together with fee hereinafter mentioned. The instrument of transfer unless declined by the Board to be registered, be retained by the company.
51. A fee not exceeding rupees two as may be determined by the Board from time to time may be charged for each transfer or transmission and shall be paid before registration thereof.
52. The registration of transfers may be suspended at such times and for such duration as the Board may, from time to time, determine after giving not less than seven days previous notice by advertisement in some newspapers circulated locally where the Registered Office of the company is situated.

Provided that such registration shall not be suspended for more than thirty days at one time and forty five days in a year.



53. i) On the death of a member, the survivor or survivors where the member was a joint holder and his legal representatives where he was a sole holder, shall be the only person recognised by the company as having any title to his interest in the shares.
- ii) Nothing in Clause (i) above shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
54. i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect either:
- a) To be registered himself as holder of the share, or
- b) To make such transfer of shares as the deceased or insolvent member could have made.
- ii) The Board shall in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.
55. i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.
- ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the shares.
- iii) All the limitations, restrictions and provisions of these Articles relating to the right of transfer and the registration of transfer of shares shall be applicable to such notice or transfer as if the death or insolvency of aforesaid the member had not and the notice of transfer were a occurred transfer signed by that member.
56. A person being entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.
- Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or transfer the share, and if the requirements of the notice are not complied with, within ninety days, the Board may, thereafter, withhold payment of all dividends, bonus or other moneys payable in respect of the share until the requirements of the notice have been complied with.
57. a) The company shall not incur any liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares, made or purporting to be made by an apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming equitable right, title or interest to or in the same shares, notwithstanding that the company may have 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 - required to attend or give effect to any notice which may be given to it or 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, shall nevertheless be at liberty to regard and attend to any such notice and give effect, thereto if the Board shall so think fit.



b) The provisions of these articles shall apply *MUTATIS MUTANDIS* to the transfer of, or the transmission by operation of law of the right to debentures of the company.

SHARE WARRANTS

58. The Company may issue share warrants subject to and in accordance with the provisions of Sections 114&115 of the Act, and accordingly the Board may in its discretion, with respect to any share which is fully paid up, on application in writing signed by the person registered as a 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 person signing the application and on receiving the certificate, if any, of the shares and the amount of the stamp duty on the warrant arid such fee as the Board may from time to time require, issue a share warrant.

59. a) The bearer of a share warrant may at any time during office hours deposit the warrant at the office of the Company, and so long as the warrant remains deposited, the depositor shall have the same right of signing a requisition for calling a meeting of Company, and or I attending and voting exercising the other privileges of a member at any meeting held after 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 shares included in the deposited warrant.

b) Not more than one person shall be recognized as the depositor of the share warrant

c) The Company, shall, on two days written notice, return the deposited share warrant to the depositor.

60 a) Subject as herein otherwise expressly provided, no person shall, as a bearer of share warrant sign a requisition for calling a meeting of the Company, or attend, or vote, or exercise, any other privilege of a member at a meeting of the Company. or be entitled to receive any notices from the Company.

b) The bearer of share warrant shall be entitled in a)l other respects to the same privileges and advantages as if he were named In the Register of Members as the holder of the Shares included in the warrant and he shall be member of the Company.

61 The Board may from time to time make rules as to the terms on which (if it shall think fit) anew share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

VARIATION OF RIGHTS OF SHARE HOLDERS

62. 1. The rights and privileges, if any, attached to the different classes of shareholders or the time being (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being wound up, be varied, modified or affected with the consent in writing of the holders of three fourths of the issued shares of that class, or with the sanction of a Resolution passed at a separate General Meeting of the holders of the shares of that class and supported by the votes of the holders of note less than three fourths of these shares.

2. To every such separate meeting the provision contained in these Articles relating to General Meeting shall *mutatis mutandis* apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one third of the issued shares of the class in question.



63. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

JOINTHOLDERS

64. Where two or more persons are registered as the holders of any share, they shall be deemed to hold the same as joint tenants with benefits of survivorship subject to the following and other provisions contained in these Articles.
- (a) The company shall have the right to refuse to register more than four persons as joint holders of any share
 - (b) The joint holders of any share shall be liable jointly and severally for all calls and other payments thereof;
 - (c) The Board may require such evidence as it may think fit.
 - (d) Anyone of the joint holders may give effectual receipts for any dividends or other sums payable in respect of such share;
 - (e) only the persons whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to the delivery of the certificate of such share or to receive notice from the Company and any notice given to such person shall be deemed to be notice given to all the Joint holders
 - (f) Anyone of the joint holders may vote at any meeting either personally or by proxy or attorney in respect of such share as if he were solely entitled thereto. If more than one of such joint holders be present at any meetings personally or by proxy then one of such persons whose name stands first or higher, as the case may be, in the Register in respect of such share shall alone be entitled to vote in respect thereof.

Provided always the joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder represented by a proxy.

GENERAL MEETINGS

I. ANNUAL GENERAL MEETING

65. The Annual General Meeting of the company shall be held within 6 months after expiry of each financial year unless extended by the Registrar of companies as provided under section 166 of the Act, and not more than fifteen months shall elapse between the date of one Annual General Meeting and of the next Annual General Meeting.
66. 1 Every Annual Meeting shall be called for at a time during business hours on a day that is not a public holiday and shall be held either at the Registered office of the Company or at some other place within the City or town in which the Registered Office of the Company is situated and the notice calling the meeting shall specify it is the Annual General Meeting.
- 2 All General Meetings other than Annual General Meeting shall be called Extraordinary General Meetings.

2. EXTRA.ORDINARY GENERAL MEETING

67. 1 The Board may, whenever it thinks fit, call an Extra-ordinary General Meeting, and it shall, on the requisition of the holders, at the date of deposit of requisition, of not less than one tenth of such of the paid up capital of the Company upon which all calls or other moneys then



due have been paid as on that date, carries the right of voting in regard to the matter for which the meeting is requisitioned, forthwith proceed to call an Extraordinary General Meeting of the Company, and the following provision shall have effect on such requisition.

i) The requisition shall set out the matter for the consideration of which the meeting is to be called and shall be signed by the requisitionists and deposited at the Registered Office of the Company. The requisition may consist of several documents in like form each signed by one or more requisitionists.

ii) If the Board does not, within twenty one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters on a day not later than forty five days from the date or deposit of the requisition, the requisitionists or such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or not less than one-tenth of such of the paid up share capital of the Company as is referred to above in this Article, whichever is less, may themselves convene the meeting but no such meeting shall be held after expiration of three months from the date of the deposit of the requisition.

iii) A meeting duly commenced before the expiry of the period of three months aforesaid may be adjourned to some day after the expiry of that period.

iv) Any meeting called under this Article by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Board and shall be held at the Office of the Company.

v) A requisition or notice by joint holders of shares may be signed by one or some only of them.

2. If at any time there are not within India Directors capable of acting who are sufficient in number to form a quorum, any Director of the Company may call an Extra-ordinary General Meeting In the same manner as early as possible, as that in which such meeting may be called by the Board.

3. NOTICE

68 1 Not less than 21 days notice in writing specifying the place and the day and the hour of the meeting with a statement of business to be transacted thereat shall be given to every member of the Company, to person entitled to a share in consequence of the death or insolvency of a member, and to the Auditor or Auditors for the time being of the Company:

2. A General Meeting may be convened giving shorter notice than specified in sub-section (1) above if consent is accorded thereto, in the case of Annual General Meetings by all the members entitled to vote thereat, and in other cases by members of the Company holding not less than 95 per cent of such part of the paid up shares capital of the Company as gives a right to vote at the meeting.

3. The accidental omission-to give notice to, or the non-receipt of notice by, any member or other person to whom it should be given. shall not invalidate the proceedings of the meeting.

69 1. Where, by any provisions contained in the Act or in the Articles, special notice is required of any resolution, notice of the intention to move the Resolution shall be given to the



Company not less than fourteen days before the meeting at which it is to be moved, exclusive of the day on which the notice is served or deemed to be served and the day of the meeting,

2. The Company shall, immediately after the notice of the intention to move any such resolution has been received by it, give its members notice of the Resolution in the same manner as it gives notice of the meeting or, if that is not practicable, shall give them notice thereof, either by advertisement in a newspaper having an appropriate circulation or in any other mode considered proper by the Board, not less than seven days before the meeting.

70. Where any times of the business to be transacted at any meeting is deemed to be special as provided under Section 173 of the Act, there shall be annexed to the Notice of the meeting a statement setting out all material facts concerning each such item or business, including in particular the nature and extent of the interest, if any, therein, of every Director and the manager, if any.
71. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.
72. In every notice calling a meeting of any class of members having right to vote by proxy at the meeting, there shall appear with reasonable prominence a statement that a member entitled to one or more proxies to attend and vote instead of himself and that a proxy need not be member of the company'

4. PROCEEDINGS AT GENERAL MEETINGS

73. 1. The ordinary business of an Annual General Meeting shall be (i) the consideration of the Accounts, the Balance Sheet and the reports of Board of Directors and Auditors (ii) the declaration of dividend (iii) the appointment of Directors in the place of those retiring, and (iv) the appointment of and fixing of the remuneration of the Auditors'
2. All other business transacted at an Annual General Meeting and all business transacted at any other General Meeting shall be deemed special.
74. Five members personally shall be the quorum for a General Meeting
75. No business shall be transacted at any General Meeting unless the quorum requisite shall be present at the Commencement of business.
- 75A. The Board may provide Video conference facility and/or other permissible electronic mode of communication to the shareholders of the Company for participating in General meetings of the Company. Such participation by the shareholders at General Meetings of the Company through video conference facility and/or other permissible electronic mode of communication shall be governed by the Rules and Regulations as applicable to the company being in force.
76. 1. If within half an hour from the appointed for holding a meeting of the Company, the requisite quorum is not present, the meeting, if called upon the requisition of or by members shall be dissolved,
2. In any other case the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the Board may determine



3. If at the adjourned meeting also the requisite quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be a quorum
77. The Chairman of the Board of Directors shall be entitled to preside as Chairman at every General Meeting' If there is no Chairman or if at any meeting he is not present within ten minutes after the time appointed for holding such meeting is unwilling to act, the members present shall elect one of themselves as Chairman of the Meeting
78. Every question submitted to any General Meeting shall be decided in the first instance by a show of hands and, in the case of an equality of votes, the Chairman shall, both on a show of hands and at the poll, have a casting vote in addition to the vote or votes to which he may be entitled as a member.
79. At any General Meeting, unless a poll is demanded by at least five members present in person or by proxy or attorney and entitled to vote, a declaration by the Chairman of a Resolution having been carried or carried by a particular majority and an entry to that effect in the books containing the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion votes given against such Resolution'
80. The Chairman may, with the consent of the meeting adjourn any General Meeting from time to time and from place to place but not business shall be transacted at any adjourned meeting other than the business left unfinished at that meeting.
81. 1. 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.
2. Save as aforesaid, it shall not be necessary to give any notice of an adjournment the business to be transacted at an adjourned meeting.
82. 1. Votes may be given either personally or by proxy_
2. A proxy shall not be entitled to vote except on a poll.
3. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself.
4. A proxy so appointed shall not have right to speak at the meeting.
83. A body Corporate (whether a Company within the meaning of the Act or not), if it is a member of the Company within the meaning of the Act, may by a resolution of its Board of Directors or other, governing body, authorize such person as it thinks fit to act as its representative who shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as the said body could exercise itself. A true copy of the resolution duly signed by the Chairman or any Director of such body corporate shall be filed with the Company not less than twenty four hours before the time fixed for holding the meeting.
84. No member shall be entitled to be present or to vote at any General Meeting either personally or by proxy or attorney, whilst any calls or other moneys are due and presently payable to the Company on the shares of such member or in regard to which the Company has, and has exercised and right of lien.

PASSING OF RESOLUTION BY POSTAL BALLOT



84A "Notwithstanding any-thing contained in the Articles of Association of the Company, the Company do adopt the mode of passing a resolution by the members of the Company by means of a postal ballot and /or other-ways as may be prescribed by the Central Government or any other appropriate authority in this behalf in respect of the following matters, instead of transacting such business in a General Meeting of the Company:

a) Any business that can be transacted by the company in General Meeting; and

b) Particularly, resolutions relating lo such business as the Central Government or any other appropriate authority may by notification, declares to be conducted only by postal ballot.

The. Company shall comply with the procedure for such postal ballot and/or other ways prescribed by the central Government or any other appropriate authority in this regard."

5. VOTES OF MEMBERS

85. On a show of hands every member present in person and, in the case of Corporation by a representative appointed under Section 187 of the Act. shall have one vote, and upon a poll, every member holding ordinary shares and present in person or by proxy or attorney or by a representative under Section 187 of the Act, shall have one vote for every ordinary share held by such member.

The Voting rights of preference shareholders shall be regulated in accordance with section s7 (2) of the Act.

86. Any person entitled to any shares under Article 54 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 forty eight hours before the commencement of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he satisfies the Board of his right to such shares or the Board has previously admitted his right to vote at such meeting in respect thereof. If person is a lunatic or is of unsound mind, he may vote by his committee or other legal guardian and any such Committee or legal guardian may vote by proxy

87. In the case of joint holders of any ordinary shares, anyone of such persons may vote at any meeting either personally or by proxy or attorney in respect of shares such shares as if he were solely entitled thereto, and in case more than one of the said persons whose name sands prior in the register of members in respect of such shares shall alone be entitled to vote in respect thereof, provided that a joint holder represented by a proxy. Several executors or administrators of a deceased member in whose name shares stand shall, for purposes of this Article, be deemed joint holders of such shares.

88. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney in either of the forms set out in Schedule IX of the act or as near thereto as circumstances permit.

89. The instrument appointing a proxy and the power of attorney or other authority if any, under which it is signed or a notarially certified copy of that power of authority (if required by the Company) shall be deposited at the office not less than 48 hours before the time for holding the meeting or adjourned meeting as the case may be at which the person named in such instrument proposed to vote.



90. A vote given in accordance with the terms of a power of attorney or of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the power or instrument of the proxy of the transfer of share in respect of which the vote is given provided no intimation in writing of the death, revocation or transfer was received at the Office before the meeting.
91. 1. If a poll is demanded on a question of adjournment or on the election of Chairman, it shall be taken forthwith and, if a poll is demanded on any other question, it shall be taken in such manner and at such time not being later than 48 hours from the time demand was made and at such place as the Chairman or the meeting directs and the result of the poll shall be deemed to the decision of the meeting on the resolution on which the poll was taken.
2. Before or on the declaration of the result of the voting on any resolution on a show of hands, a poll may be ordered to be taken by the Chairman of the Meeting of his own motion, and shall be ordered to be taken by him on a demand made in that behalf by the person or persons specified below:
- a) by at least five members having the right to vote on the resolution and present in person or by proxy.
- b) by any member or members present in person or by proxy and having not less than one tenth of the total voting power in respect of the resolution, or'
- c) by any member or members present in the person or proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid up which is not less than rupees fifty thousand of the total sum paid up on all the shares conferring the right.
3. The demand of a poll may be withdrawn at any time before the poll is taken by the person or persons who made the demand.
4. The Chairman shall have the right to determinate on the admissibility or otherwise of a vote and such a decision in respect thereof shall be final and conclusive.
92. On a poll taken at a meeting of a class of members of the Company, a Member of the class entitled to more than one vote or his proxy or other persons entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same manner all the votes he uses.
93. 1. Subject to the provision of the Act, the Chairman of the meeting shall have the power to regulate the manner in which a poll shall be taken. ;
2. The result of the poll shall be deemed to be the decision of the meeting of the resolution on which the poll was taken.
94. The demand for a poll shall not prevent the meeting from transacting any business other than the question on which the poll has been demanded.
95. 1. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinize the votes given on the poll and to report thereon to him.
2. The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutinizer from the office and to fill vacancy in the office of the scrutinizers arising from such removal or from any other cause.
3. Of the two scrutinizers appointed under the Article, one shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed.
96. No objection shall be raised to the qualification of any vote except at the meeting or adjourned meeting at which the vote objected to is given or rendered, and every vote not disallowed at such meeting shall be valid for all purposes.



Any objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

97. The Company shall cause minutes of all proceedings of General Meetings to be entered into books kept for the purposes in accordance with Section 193 of Act.

COMMON SEAL OF THE COMPANY

98. "A common Seal shall be provided for the purpose of the Company and the same shall be affixed in the presence of at least two directors on of whom shall be Managing Director, if any, who shall sign the token thereof".

BORROWING POWERS

99. 1. Subject to the provision of Section 293 of the Act, the Board may from time to time at its discretion borrow or secure the payment of any sum or sums of money for the purposes of the Company.
2. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular, by the issue of bonds perpetual or redeemable, debentures, stock, or any mortgage or other security on the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
3. The Board may keep alive redeemed debentures for the purpose of reissue and shall have the power either to reissue the same debenture or issue the other debentures in place of those redeemed, as it may consider fit.
100. The Board shall cause a Register to be kept in accordance with provisions of Section 143 of the Act of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the Act in regard to the registration of mortgages and charges therein specified and otherwise.
101. The sum payable for each inspection of the Register of mortgages and charges by any person other than a member or a creditor of the Company shall be ten rupees.
102. Unless otherwise determined by the Company in General Meeting, the number of Directors shall neither be less than 3 (three) nor more than 12 (twelve), inclusive of a nominee Directors, Technical Directors ,Special Directors and Debenture Directors, alternate and additional Directors, if any.
103. The following shall be the first Directors of the Company.
Dr. R. T. RAVI
Mr. M. RANGADHAMA CHOUDARY
Mr. J. JAWAHARLAL
104. 1. The Board of Directors may appoint an alternate Director to act for a Director during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.
2. An alternate Director so appointed shall not hold office longer than the original Director in whose place he has been appointed and shall vacate office on the return of the original Director to the State in which meetings of the Board are ordinarily held.
3. If the term of Office of the original Director is determined before he so returns to the State aforesaid, any provision for the automatic reappointment of retiring Directors in



default of another appointment shall apply to the original and not to the alternate Director.

105. 1. All the Annual General Meeting at which a Director retires, the vacancy may be filled up by appointing the retiring Director, or some other person in accordance with the provisions of Section 257 of the Act.
2. If the place of retiring Director is not filled up and the meeting has not expressly resolved not to fill the vacancy, the provisions of Section 256(4) of the Act shall apply.
106. The Board of Directors may, from time to time and at any time, appoint a person as an additional Director, who shall retire at the next Annual General Meeting of the Company but shall be eligible for re-election by the Company at that meeting provided that the number of Directors including such additional Director shall not exceed the maximum strength fixed by these Articles.
107. If the office of any Director appointed by the company in General Meeting is vacated before his term of Office will expire in the normal course, the resulting casual vacancy may be filled by the Board of Directors at a meeting of the Board.
Any person 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 it had not been vacated as aforesaid.
108. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the INDUSTRIAL DEVELOPMENT BANK OF INDIA (IDBI), INDUSTRIAL FINANCE CORPORATION OF INDIA (IFCI), The Industrial Credit & Investment Corporation of India Limited (ICICI) and Life Insurance Corporation of India (LIC) or to any other Finance Corporation or Credit Corporation or to any other Financing Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, LIC, and Unit Trust of India (UTI) or any other Financing Corporation or Credit Corporation or any other Financing Company or Body (each of which IDBI, IFCI, ICICI, LIC and UTI or any other Finance Corporation or Credit Corporation or any other Financing Company or Body is hereinafter in this article is referred to as "The Corporation") continue to hold debentures in the Company by direct subscription or private placement, or so long as the corporation holds shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors, whole time or no-whole time, (which Director or Directors is/are hereinafter referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share qualification in the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid the Nominee Director/s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company.

The Nominee Director/s so appointed shall hold the said office only as long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds debentures in the Company as a result of direct subscription or private placement, or so long as the corporation holds shares in the Company as a result of underwriting or direct or the liability of the Company arising out of any guarantee is outstanding and the Nominee



Director/s so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation are paid off or on the Corporation to hold Debentures/Shares in the Company or on the satisfaction of the Guarantee furnished by the Corporation.

The Nominee Director/s appointed under the Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and of the Meetings of Committee of which the Nominee Director/s is/are member/s as also the minutes of such meetings. The Corporations shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, Commission, monies or remuneration in any form is payable to the Directors of the Company the fees, Commission, monies or remuneration in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation of such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be, to such Nominee Director/s.

Provided that if any such Nominee Director/s is an Officer of the Corporation the sitting fees, in relation to such Nominee Director/s shall also accrue to the Corporation and he same shall accordingly be paid by the Company directly to the Corporation.

In the event of the Nominee Director/s being appointed as whole time Director/s such Nominee Director/s shall exercise such powers and have rights are as usually exercised or available to a whole time Director in the management of the affairs of the Company. Such remuneration fees commission and monies as may be approved by the Corporation.

109. The continuing Directors may act as a Board notwithstanding any vacancy in the body, but if the number fails below the minimum number fixed under these articles, the Directors shall not, except, for the purposes of filling the vacancy, summon a General Meeting of the Company or, for emergency, act as long as the number is below the minimum.
110. A Director shall not be required to hold any qualification shares.

REMUNERATION OF DIRECTORS

111. 1. The remuneration if any payable to the Director shall be determined in accordance with and subject to the provisions of Section 198, 269 and 309 of the Act schedule XIII thereof.
2. In addition to the remuneration payable to him as aforesaid, the Director shall be paid travelling, hotel and other expenses as determined by the Board from time to time for attending and returning from meeting of the Board of Directors or any Committee thereof, or in connection with the business of the Company.
3. Every Director shall be paid such fee as the Board of Directors determine for each meeting of the Board or Committee thereof attended by him.
112. Subject to the provisions of Section 314 of the Act, without the consent of the company accorded by a Special Resolution, no Director of the Company shall hold any office or place of profit under the Company, and no partner or relative of such Director, no firm in which such Director or a relative of such Director or a relative of such Director is a partner, no private company of which such Director is a Director or any member or no Director or Manager of such private Company, shall hold any office or place of profit under the Company carrying a total monthly



remuneration of Rs. 6,000/- or more except that of Managing Director or Manager Banker or trustee for the debenture holders of the Company.

113. 1. Every Director of the Company who is in any way, whether directly or indirectly, concerned or interested in any contract or arrangement or proposed contract or arrangement, entered into or to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of Board of Directors.
2. In the case of a proposed contract or arrangement, the disclosure required to be made by a Director under sub-clause (1) shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if the Director was not at the date of that meeting concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after he becomes so concerned or interested.
3. In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangements.
4. For the purposes of sub-clause (1) & (2) hereof, a general notice given to the Board by a Director, to the effect that he is a Director or a member of a specified body Corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may after the date of notice be entered into with that body corporate or firm shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made.
5. Any such general notice shall expire at the end of the financial year of the Company in which it is given but may be renewed for further periods of one financial year at a time, by a fresh notice given in the month of the financial year of the Company in which it would otherwise expire.
6. No such general notice, and no renewed thereof, shall be of effect unless either it is given at a meeting of the Board of the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.
7. Nothing in this clause shall be taken to prejudice the operation of any rule of law restricting a Director of the Company from having any concern or interest in any contracts or arrangements with the Company.
114. No Director of the Company shall as Director take any part in the discussions, or vote on any contract or arrangements entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested into the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time on any such discussion or vote and, if he does vote, his vote shall be void, provided, however, that a Director may vote on any contract of indemnity against any loss which the Directors or anyone or more of them may suffer by reason of becoming or being sureties or a surety for the Company.
115. Except with the consent of the Board and, if necessary, previous approval of the Central Government, a Director of the Company or his relative, a firm in which such a Director or relative is a partner, any other partner in such firm or a private company of which the Director is a member of Director, shall not enter into any contract with the Company.
- i) For the sale, purchase or supply or any goods, materials or services, or
- ii) For underwriting the subscription of any shares in or debentures of the Company.
- Nothing contained in sub-clause (i) of the preceding Article shall affect contract or contracts for the sale, purchase or supply of any goods, materials or services in which either the Company, or the Director, firm, partner or private company as the case may be, regularly trades or does business provided that the value of such goods and material and the cost of such services do



not exceed Rs. 5000/- in the aggregate in any financial year comprised in the period of contract or contracts.

The consent of the Board required by the preceding article shall not be deemed to have been given within the meaning of that sub-clause unless the consent is accorded by a resolution passed at a meeting of the Board and before the contract is entered into or within three months of the date on which it was entered into.

Where such consent is not accorded to be contract before it is entered into anything done in pursuance of the contract shall, if such consent is finally not accorded, be voidable at the option of the Board.

116. Where the Company,
- i) Enters into a contract for the appointment of Manager of the Company, in which contract shall, any Director of the Company in any way whether directly or indirectly is concerned or interested; or
 - ii) Varies any such contract already in existence and in which a Director is concerned or interested as aforesaid. The provisions contained in Section 302 of the Act shall be complied with.
117. Every Director, Managing Director, Manager or Secretary of the Company, who is appointed or who relinquishes the Office of Director, Managing Director, Manager or Secretary of any other body corporate shall within twenty days of his appointment disclose to the Company the particulars relating to the Office in the other body corporate which are required to be specified under Section 303 of the Act.
118. 1. Every Director of the Company and every person deemed to be Director of the Company by virtue of sub-section (10) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Sections.
2. Any such notice shall be given in writing and, if it is not given at a Meeting of the Board, the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the meeting of the Board next after it is given.
119. The Company shall not, without obtaining the previous approval of the Central Government in that behalf, make any loan to or give any guarantee or provide any security in connection with a loan made by any other person to or to any other person by.
- a) Any Director of the Company or of the Company is its holding Company or any partner or relative of any such Director.
 - b) Any firm in which any such Director or relative is a partner.
 - c) Any Private Company of which any such Director is a Director or Manager.
 - D) Anybody Corporate, the Board of Directors, Managing Director or Manager whereof is accustomed to act in accordance with the directions or instructions of the Board or any Directors of the Company.

VACATION OF OFFICE BY DIRECTORS

120. The Office of a Director shall become vacant if,
- a) he is found to be of unsound mind by a court of competent jurisdiction;
 - b) he applies to be adjudicated an insolvent;
 - c) he is adjudicated an insolvent;
 - d) he is convicted by a court of any offence involving moral turpitude and sentenced in respect thereof imprisonment for not less than six months;



- e) he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board for a continuous period of three months whichever is longer without obtaining leave of absence from the Board;
- f) he or any firm in which he is a partner, or any Private Company of which is a Director, accepts a loan or any guarantee or security for a loan from the Company in contravention of Section 295 of the Act, and
- g) he acts in contravention of Section 299 of the Act, and
- h) he becomes disqualified by an order of court under Section 203 of the Act.

ROTATION OF DIRECTORS

120. 1. At every Annual General Meeting, one-third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then, the number nearest to one-third shall retire from Office.
- 2. The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in the office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lots.
 - 3. At the Annual General Meeting at which a Director retires as aforesaid the Company may fill up the vacancy by appointing the retiring Director or some other person thereto.
 - 4. If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week at the same time and place, or if that day is a Public holiday, till the next succeeding day which is not public holiday, at the same time and place. If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been reappointed at the adjourned meeting unless.
 - i) at the meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost.
 - ii) the retiring Director has, by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be re-appointed.
 - iii) he is not qualified or disqualified for appointment.
 - iv) a resolution, whether special or ordinary, is required for his appointment or re-appointment in virtue of any provisions of the Act.
 - v) the provision to sub-section (2) of Section 263 is applicable to the case.
- When a Director is to retire at any Annual General Meeting in virtue of sub-clause (2) thereof, he shall be deemed for purposes of his clause to retire in virtue of sub-clause (2) of this clause.
121. "Subject to the provisions of Section 284 of the Act, the Company may, by ordinary resolution remove any Director (not being a nominated Director) before the expiry of his period of Office".
122. No person other than a retiring Director shall be eligible to the office of Director at any Annual Meeting unless the requirements of Section 257 are complied with.
123. A person, other than a retiring Director, shall not act as a Director of the Company unless he has within 30 days of his appointment signed and filed with the Registrar his consent in writing to act as such Director.
124. 1. No motion at any General Meeting of the Company shall be made for the appointment of two or more persons as Directors of the Company by a single resolution unless a resolution



- that it shall be so made has first been agreed to by the meeting without any vote being given against it.
2. A resolution moved in contravention of sub-clause (1) hereof shall be void whether or not objection was taken at the time to its being so moved, provided that, where a resolution so moved is passed, no provision for the automatic reappointment of the Director retiring by rotation in default of another appointment shall apply.
 3. For the purpose of the clause, a motion for approving a person's appointment, or for nominating a person for appointment shall be treated as a motion for his appointment.
125. The Board of Directors shall have the right to appoint one of the Directors of the Company as the Chairman of the Board of Directors of the Company.
126.
 1. The Directors may meet together for the dispatch of business, adjourn and otherwise regulate their meetings and proceedings, as they think fit, provided that a meeting of the Board of Directors of the Company shall be held at least once every three calendar months.
 2. Notice of Board Meeting shall be given to every Director for the time being in India and at his usual address in India to every other Director. Such notice shall also be given to every Director not for the time being in India, at his usual Indian address.
127. The quorum of meeting of Board of Directors shall be one-third of the total strength, if Directors (any fraction contained in that one-third being rounded as one) or two Directors whichever is higher, provided that where at any meeting the number of interested Directors exceeds and is equal to two thirds of the total strength, the number of the Directors, that is to say, the number of Directors who are not interested, shall be the quorum during such time.
- 127 A. Directors may participate in Meeting of the Board and/or Committees thereof, through video conference facility and/or other permissible electronic mode of communication. Such participation by the Directors at meetings of the Board and/or Committees thereof, through video conference facility and/or other permissible electronic mode of communication shall be governed by the rules and regulations as applicable to the Company for the time being in force.
128. A Director may, and the Manager or Secretary on the requisition of a Director shall, at any time convene a meeting of the Board.
129. Except as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes and, in case of an equality of votes, the Chairman shall have a second or casting vote.
130. A meeting of the Board, for the time being where a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company for the time being vested in or exercisable by the Board generally.
131. The Board of Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit and may, from time to time, revoke such delegation. Any Committee so formed shall, in the exercise of the powers so delegated, confirm to any regulations that may, from time to time, be imposed upon it by the Board. The meetings and proceedings of any such Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board, so far as the same or applicable thereto and are not superseded by any regulation made by the Board under this clause.



132. All acts done by any meeting of the Board of Directors or of a Committee thereof or by any person acting as a Director shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of anyone or more of such Directors or of any person acting as aforesaid, or they or any of them were disqualified, be a valid as if every such Director or such person had been duly appointed and was qualified to be a Director.
133. No resolution shall be deemed to have been duly passed by the Board or by a Committee there by a circulation unless the Resolution has been circulated in draft to all the Directors or to all members of the Board or Committee then in India (not being less in number than the quorum fixed for a meeting of the Board or a Committee, as the case may be) and to all the other Directors or members at their usual address in India and has been approved by such Directors as are then in India, or by a majority of such of them as are entitled to vote on the Resolution.
134. The Directors shall cause minutes of meetings of the Board of Director to be duly entered in books provided for the purpose in accordance with the provisions of Section 193 and 194 of the Act.

POWERS OF DIRECTORS

135. The Management of the affairs of the Company shall be vested in the Board of Directors and, subject to the provisions of the Act, the Board of Directors of the Company shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorized to exercise and do; provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or by the Memorandum or these Articles or otherwise to be exercised or done by the Company in general meetings, provided further that, in exercising any such power or doing any such act and thing, the Board shall be subject to the provisions contained in that behalf in the companies Act, 1956 or any other Act, or in the Memorandum or these Articles of Association or in any regulation not inconsistent therewith and duly made there under including regulations made by the Company in General Meeting.
136. The Board of Directors shall exercise the following powers on behalf of the Company only by I means of resolution passed at meetings of the Board.
- a) the power to make calls on shareholders in respect of money unpaid on their shares;
 - b) the power to issue debentures;
 - c) the power to borrow moneys otherwise than on debentures;
 - d) the power to invest the funds of the Company; and
 - e) the power to make loans.
- Provided that, subject to the provisions of Section 292 (2) (3) and (4) of the Act, the Board of Director may delegate to any committee of Directors, the Managing Director, the Manager or any principal officer of the Company, the powers specified in clause (c) (d) and (e) of this Article.
137. The Board of Directors may delegate all or any such powers, authorities and discretions to the Managing Directors or other Officers of the Company on such terms and conditions as they think fit.

VACATION OF OFFICE BY DIRECTORS

138. Subject to the provisions of the Companies Act 1956, the Board shall have the power to appoint from time to time or one or more of their body to the office of the Managing or whole time Director, and such Director shall perform such duties and exercise such powers and discretions



as are specifically delegated to him by the Board of Directors. The Director so appointed shall not be liable to retire by rotation.

The remuneration of the Managing or whole time Director may be by way of monthly payment, participation in profits, or either or both of these modes or any other mode not expressly prohibited by the Act.

139. The management of the day-to-day affairs of the Company shall vest with the Managing Director, who shall discharge his duties under the general superintendence and control of the Board of Directors and shall be subject to any directions and restrictions given or imposed by the Board of Directors from time to time. He shall be the Chief Executive of the Company and all other full time Directors, if any, and Executives and functionaries of the Company shall be subordinates to him and shall report to him.
140. Subject to the provisions of the Act, a Secretary shall be appointed for the Company by the Board of Directors for such time, at such remuneration, and up on such conditions as it thinks fit, and the Secretary so appointed may be removed by the Board.
141. Subject to the provisions of Section 383 A, a Director may be appointed as Secretary.

DIVIDEND

142. The Company General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.
143. The Board of Directors may, from time to time, pay to member such interim dividends as appear to be justified by the profits of the Company.
 1. Dividends shall be paid by the Company in respect of any shares therein to the registered or holder of such shares or to his order to his bankers or to the bearer of a share warrant (if issued) or to his banker.
 2. A transfer of share shall not pass the right to any dividend declared thereon before the registration of the transfer.
144. Warrant in respect of dividend shall be posted or the payment shall be made to the persons entitled to the payment of the dividend within forty two days from the date of declaration of dividend unless it becomes impossible for any of the reasons given under the provision to Section 207 of the Act.
145. The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks proper as a reserve 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 investment (other than shares of the Company) as he Board may, from time to time, think fit.
146.
 1. The Board may also carry forward any profits, which it may think prudent not to divide without setting them aside as a reserve.
 2. The declaration of the Directors as the amount of the net profit of the Company shall be inclusive.



147. 1. Subject to the rights of persons, if any entitled to shares with special rights as to dividends, the dividend shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid.
2. No amount paid or credited as paid on a share in advance of calls shall be treated for the purpose of this Article as paid on the share.
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 dividends as from a particular date such share shall rank for dividend accordingly.
148. The Board may deduct from any dividend payable to any member all sums presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
149. The Company may, at General Meeting, in declaring dividend, make a call on the member of so much of amount as is equal to the dividend payable to the members and set off the same against the dividend payable by the Company to them.
- i) The Company may at General Meeting, in declaring dividend or bonus, may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets, and the Board shall give effect to the resolution of the Meeting.
- ii) Where any difficulty arises with regard to such distribution, the Board may settle the same as it deems expedient and in particular, may settle the same as it seems expedient and fix the value for distribution of such specific assets or any part thereof, and may determine that cash payment shall be made to any members on the basis of the value so fixed in order to adjust rights of all parties and may vest any such specific asset in trustees as may seem expedient to the Board.
150. 1. Any dividend, interest or other moneys 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, who is first named in the Register of Members or to such person and to such address as the holder or joint holders may in writing direct.
2. Every cheque or warrant shall be made payable to the order of the person to whom it is sent.
3. The Company shall not be responsible for the loss of any cheque, warrant or money order sent by post as aforesaid.
151. Any of two or more joint holders of a share may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such share.
152. All dividends not claimed or remaining unpaid shall be regulated in accordance with the provisions of Section 205A.
153. No dividend shall bear interest against the Company.

PAYMENT OF INTEREST OUT OF CAPITAL

154. Where any shares in a company are issued for the purpose of raising money to defray the expenses of the construction of any work or building or the provision of any plant which cannot be made profitable for a lengthy period, the Board may sanction on behalf of the Company;



- a) Payment of interest on so much of that share capital as it for the time being paid up for the period, and subject to the conditions and restrictions mentioned in sub-section (3) to (7) of Section 208 of the Act.
- b) Charge the sum so paid by way of interest to capital as part of the cost of construction of the work or building or the provision of the plant.

CAPITALISATION OF PROFITS AND RESERVES

155. 1. The Company in General Meeting may, up on the recommendation of the Board, resolve;

- a) that it (i) desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts to the credit of the profit and loss account or otherwise available for distribution, and
 - b) that such sum be accordingly set free for distribution in the manner specified in clause (2) below amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.
2. The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (3) hereof, either in or towards,
- i) Paying up any amounts for the time being unpaid on any shares hold by such members respectively.
 - 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
 - iii) Partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).
3. A share premium account and a capital redemption reserve account may for purposes of this Article only be applied in paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

156. 1. The Board shall give effect to the resolution of the Company in pursuance of the preceding Article.

2. Whenever such a resolution as aforesaid shall have been passed, the Board shall;
- a) Make all appropriations and application of the undividend profits resolved to be capitalized thereby and all allotments and issues of fully paid share, if any, and,
 - b) Generally do all acts and things required to give effect thereto.

157. 1. The Board shall have full power:

- a) to make such provision by the issue of fractional certificates or by payment cash or otherwise, as it thinks fit, in the case of shares or debentures becoming distributable in fractions, and also
 - b) To authorize 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 other shares to which they may entitled up on such capitalization, or (as the case may require) for the payment by the Company on their behalf of 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.
2. Any agreement made under such authority shall be effective and binding on all such members.

ACCOUNTS



158. The Board shall cause proper books of accounts with respect to the following to be kept at the Registered Office of the Company or at such other place as the Board considers necessary;
- all sums of money received and expended by the Company and the matter in respect of which the receipt and expenditure take place.
 - all sales and purchases of goods by the Company, and
 - the assets and liabilities of the Company. The books of account shall be open to inspection by any Director during business hours.
159. At every Annual General Meeting of the Company held pursuant to Article 70 the Board of Directors shall lay before the Company's Balance Sheet as at the end of the period specified in Section 210 of the Act and a Profit & Loss Account for that period.
The Balance Sheet shall be in the form of set out in Part-I of Schedule VI or an near thereto as circumstances admit, and the Profit and Loss Account shall comply with the requirements of Part-II of Schedule VI of the Act.
160. The documents, as required under Section 212 of the Act, in respect of subsidiary companies (if and when so required) shall be attached to the Balance Sheet of the Company.
The Profit and Loss Account shall be annexed to the Balance Sheet and the Auditors Report shall be attached thereto.
The Board's Report in regard to the matters specified under Section 217 of the Act shall be attached to the Balance Sheet laid before the Company in General Meeting.
161. Every balance sheet and Profit and loss Account shall be signed on behalf of the Board (after due approval by the Board) by the Secretary, if any, and by not less than two Directors, one of whom shall be a Managing Director, if there is one.
When only one of the Directors of the Company is for the time being in India, the Balance Sheet and the Profit and Loss Account shall be signed by such Director and shall be attached thereto statement explaining the reason for non-compliance with the provision aforesaid.
162. Subject to the provisions of Section 220 of the Act, three copies of the Balance Sheet and Profit and Loss Account shall be filed with Registrar of Companies.
163. 1. The Board shall, from time to time, determine whether and to what extent and at what time 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.
2. 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 authorized by the Board or by the Company in General Meeting.

NOTICE

164. 1. A notice or document may be served by the Company on any members thereof either personally or by sending it by post to him to his registered address or, if he has no registered address in India, to the address, if any, within India supplied by him to the Company for the giving of notices to him.
2. Where a notice or documents is sent by post:
- Service thereof shall be deemed to be effected by properly addressing, preparing and posting a letter containing the document provided that where a member has intimated to the Company in advance that documents should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the company a sum sufficient to defray the expenses of doing so, service of the notice or document shall not be deemed to be affected unless it is sent to in the manner intimated by the member said.



- b) Such service shall be deemed to have been effected.
 - i) In the case of notice of a meeting, at the expiration of forty eighty hours after the letter containing the same is posted and,
 - ii) in any other case, at the time at which the letter would delivered in the ordinary course of post.
 - 3. A notice or document advertised in a newspaper circulating in the neighborhood of the Registered Office of the Company shall be deemed to be duly served on the day on which the advertisement appears on every member of the company who has no registered address in India and has not supplied to the Company an address within India for the giving of notice to him.
 - 4. A notice or document may be served by the Company on the joint holders of a share by serving it on the joint holder named first in the register in respect of the share.
 - 5. A notice or document may be served by the Company on the persons entitled to a share in consequence of death or insolvency of member by sending it through the post in a prepaid letter addressed to the, by name or by the title of representatives of the deceased or assignees of the involvement, or by any like description at the address, if any in India, supplied for the purpose by the persons claiming to be so entitle or, until such an address has been so supplied, by serving the document in any manner in which it might have been served if the death or insolvency had not occurred.
 - 6. The signature to any notice of the company may be written or printed.
165. All notice of and other communications relating to any General Meeting of the Company which any member of the Company is entitled to have sent to him shall also be forwarded to the Auditors of the Company, and the Auditor shall be entitled to attend any General Meeting and to be heard at General Meeting which he attends on any part of the business which concerns him as Auditor.

AUDIT

166. The appointment of Auditors and fixation of the remuneration shall be regulated in accordance with the provisions of the Act applicable to the Company from time to time.

INDEMNITY AND SECRECY

167. Every Office or agent for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether Civil or Criminal, in which judgement is given in his favor or in which he is acquitted or in connection with any application under section 633 in which relied is granted to him by the court.
168. No member or other persons shall be entitled to enter or inspect any premises or property of the Company without the permission of the Board of the Managing Directors or shall require any information or discovery of information relating to Company's trading or any matter which is or may be in the nature of trade secret or secret process connected with the conduct of the business of the Company and which, in the opinion of the Board of the Managing Director, will not be expedient in the interest of the Company or its member to communicate to the public.

WINIDNG

169. 1. 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 among 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.



2. For the purpose aforesaid, the liquidator may set such value as he deemed fair upon any property to be divided as aforesaid any may determine how such divisions shall be carried out as between the members or different classes of members.
3. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustee upon such trusts for the benefit of the contributors, or the liquidator, with the like sanction shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.



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 entered into more than two years prior to the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of these contracts and also the documents for inspection referred to hereunder, may be inspected at our Registered Office between 10 a.m. and 5 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated September 7, 2018 between our Company and the Lead Manager.
2. Registrar Agreement dated September 4, 2018 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated [•] amongst our Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue.
4. Settlement Agreement dated September 16, 2014 amongst ourselves and Edelweiss Asset Reconstruction Company Limited
5. Lease-cum-manufacturing services agreement dated October 4, 2014 amongst ourselves and Ipca Laboratories Limited (in respect of Nellore Unit)
6. Addendum dated October 16, 2014 and June 8, 2015 to Lease-cum-manufacturing services agreement executed in respect of Nellore unit
7. Lease-cum-manufacturing services agreement dated December 13, 2014 amongst ourselves and Ipca Laboratories Limited (in respect of Visakhapatnam Unit)
8. Addendum dated December 22, 2014 to Lease-cum-manufacturing services agreement executed in respect of Nellore unit
9. Loan Licence agreement dated June 17, 2015 amongst ourselves and Ipca Laboratories Limited (in respect of Nellore unit)
10. Loan Licence agreement dated June 20, 2015 amongst ourselves and Ipca Laboratories Limited (in respect of Visakhapatnam unit)

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of incorporation and fresh certificate of incorporation pursuant to change of name of our Company.
3. Resolution of our Board dated July 30, 2018 approving the Issue.
4. Resolution of our Board dated [•] approving the Letter of Offer.
5. Consents of our Directors, Company Secretary and Compliance Officer, Statutory Auditor, Lead Manager, Banker to the Issue and the Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.
6. Annual Reports of our Company for financial years 2013-14 to 2017-18



7. Employment agreement dated July 30, 2018 between our Company and Mr. Avinash Ravi, Managing Director
8. The statement of tax benefits dated September 10, 2018 from the Statutory Auditors.
9. In-principle approvals issued by BSE and NSE, both dated [•] and [•] respectively for the present Rights Issue
10. Due diligence certificate dated September 27, 2018 addressed to SEBI from the Lead Manager.
11. Observation Letter No. [•] dated [•] issued by SEBI pertaining to the Rights Issue
12. Certificate dated September 10, 2018 issued by M/s Pavuluri & Co., Chartered Accountants regarding deployment of funds for the project



DECLARATION

We certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act and the rules made thereunder or regulations issued thereunder, as the case maybe. We further certify that, all the legal requirements connected with the said Issue as also the regulations, rules, guidelines, instructions, etc. issued by the SEBI, Government of India and any other competent authority in this behalf have been duly complied with.

We hereby certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE BOARD OF DIRECTORS OF OUR COMPANY

Dr. R.T. Ravi, Chairman	Mr. Avinash Ravi, Managing Director
Mr. G.V.L. Prasad, Independent Director	Ms. Tangirala Malati, Independent Director
Mr. Satish Khivsara, Independent Director	Mr. R.K.P. Verma, Independent Director
Mr. Manish Jain, Non-executive Director	Mr. E.J. Babu, Non-executive Director

Mr. Phani Srinath, Chief Financial Officer	Ms. Haritha Varanasi, Company Secretary

Place : Hyderabad
Date : September 27, 2018