



**DECCAN HEALTH CARE LIMITED**

Our Company was originally incorporated as Deccan Health Care Limited at Hyderabad, Andhra Pradesh as a Public Limited Company under the provision of Companies Act, 1956 vide Certificate of Incorporation dated June 14, 1996 bearing Registration Number 01-24351 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad. Subsequently, our Company was converted into a private limited company and the name of our Company was changed to Deccan Health Care Private Limited vide a Fresh Certificate of Incorporation dated June 12, 2009, issued by the Assistant Registrar of Companies, Andhra Pradesh. Further, our Company was converted into a public limited company pursuant to special resolution passed by the members in Extraordinary General Meeting held on August 12, 2017 and the name of our Company was changed to Deccan Health Care Limited vide a Fresh Certificate of Incorporation dated August 31, 2017, issued by the Registrar of Companies, Andhra Pradesh, Hyderabad. The Corporate Identification number of our Company is U72200TG1996PLC024351. For details of Incorporation, Change of Name and Registered Office of our Company, please refer to chapter titled 'Our History and Certain Other Corporate Matters' beginning on page 170 of this Red Herring Prospectus.

**Registered and Corporate Office:** 247, 2nd floor, Dwarakapuri Colony, Punjagutta, Hyderabad, Telangana – 500082, India

**Tel. No:** +91 40 40144508; **E-mail:** [investor@deccanhealthcare.co.in](mailto:investor@deccanhealthcare.co.in); **Website:** [www.deccanhealthcare.co.in](http://www.deccanhealthcare.co.in)

**Contact Person:** Purnima Bhasin, Company Secretary and Compliance Officer

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

**THE OFFER**

INITIAL PUBLIC OFFER OF 42,12,000\* EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH ("EQUITY SHARES") OF DECCAN HEALTH CARE LIMITED ("COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE (THE "OFFER PRICE") (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING RS [●]\*\* LAKHS ("OFFER") COMPRISING A FRESH ISSUE OF 22,12,000 EQUITY SHARES AGGREGATING RS. [●] LAKHS BY THE COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF 14,00,000 EQUITY SHARES BY HITESH PATEL (REFERRED TO AS THE "PROMOTOR SELLING SHAREHOLDER") AND 6,00,000 EQUITY SHARES BY MEENAKSHI GUPTA (REFERRED TO AS THE "SELLING SHAREHOLDER") (COLLECTIVELY KNOWN AS "SELLING SHAREHOLDERS") AGGREGATING 20,00,000 EQUITY SHARES BY THE SELLING SHAREHOLDER ("OFFER FOR SALE") AND TOGETHER WITH THE FRESH ISSUE ("THE OFFER"). THE OFFER COMPRISES OF 2,11,200 EQUITY SHARES OF FACE VALUE RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE, AGGREGATING RS. [●] LAKHS WHICH WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE OFFER (THE "MARKET MAKER RESERVATION PORTION"). THE OFFER LESS MARKET MAKER RESERVATION PORTION I.E. OFFER OF 40,00,800 EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH FOR CASH AT A PRICE OF RS. [●] PER EQUITY SHARE, AGGREGATING RS. [●] IS HEREINAFTER REFERRED TO AS THE "NET OFFER", THE OFFER AND THE NET OFFER WILL CONSTITUTE 26.81 % AND 25.46 %, RESPECTIVELY OF THE POST OFFER PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER ("BRLM") AND WILL BE ADVERTISED IN ALL EDITIONS OF THE ENGLISH NATIONAL NEWSPAPER BUSINESS STANDARD, ALL EDITIONS OF THE HINDI NATIONAL NEWSPAPER BUSINESS STANDARD AND HYDERABAD EDITIONS OF THE REGIONAL NEWSPAPER SURYA, EACH WITH WIDE CIRCULATION, AT LEAST 2 (TWO) WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE WITH THE RELEVANT FINANCIAL RATIOS CALCULATED AT THE FLOOR PRICE AND THE CAP PRICE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED ("BSE", REFERRED TO AS THE "STOCK EXCHANGE") FOR THE PURPOSE OF UPLOADING ON IT'S WEBSITE.

In case of any revisions in the Price Band or force majeure, banking strike or similar circumstances, for reasons to be recorded in writing, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release, and also by indicating the change on the website of the BRLM and the terminals of the Syndicate Members.

In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, all potential investors shall participate in the Offer only through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs") for the same. For details in this regard, specific attention is invited to the chapter titled "Offer Procedure" beginning on page 285 of this Red Herring Prospectus. A copy of RHP has been delivered for registration to the Registrar as required under Section 32 of the Companies Act, 2013. A copy of Prospectus will be delivered for registration to the Registrar as required under Section 32 of the Companies Act, 2013.

In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended (the "SCRR") the Offer is being made for at least 25% of the post-Offer paid-up Equity Share capital of our Company. The Offer is being made in accordance with Chapter IX of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time ("SEBI (ICDR) Regulations"), wherein not more than 50 % of the Net Offer shall be available for allocation on a proportionate basis to QIBs (the "QIB category"). Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All investors shall participate in this Offer mandatorily through the Applications Supported by Blocked Amount ("ASBA") process by providing details of their respective bank accounts which will be blocked by SCSBs. For further details please refer the section titled "Offer Information" beginning on page 275 of this Red Herring Prospectus.

**RISK IN RELATION TO THE FIRST OFFER**

This being the first public offer of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is Rs. 10 each. The Offer Price as stated in "Basis for Offer Price" on page 102 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed on SME platform of BSE Limited. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer including the risks involved. The Equity Shares issued in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the Red Herring Prospectus. Specific attention of the investors is invited to the section "Risk Factors" beginning on page 28 of this Red Herring Prospectus.

**COMPANY'S ABSOLUTE RESPONSIBILITY**

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Offer; that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held; and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further the selling shareholders accept responsibility only for the statements specifically confirmed or undertaken by it in relation to themselves and their Offered shares and confirm that such statements are true and correct in all material aspects and are not misleading in any material respect

**LISTING**

The Equity Shares of our Company issued through this Red Herring Prospectus are proposed to be listed on the SME Platform of BSE Limited ("BSE SME"). In terms of the Chapter IX of the SEBI (ICDR) Regulations, 2018 as amended from time to time. Our Company has received an In-Principal approval letter dated December 07, 2018 from BSE Limited for using its name in the Offer document for listing of our shares on the SME Platform of BSE Limited. For the purpose of this Offer, BSE Limited shall be the Designated Stock Exchange.

**BOOK RUNNING LEAD MANAGER**

**REGISTRAR TO THE OFFER**



**PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED**  
 406-408, Keshva Premises, Behind Family Court,  
 Bandra Kurla Complex,  
 Bandra East, Mumbai - 400051  
**Tel:** +91-22 61946700  
**Fax:** +91-22 2659 8690  
**Website:** [www.pantomathgroup.com](http://www.pantomathgroup.com)  
**Email:** [ipo@pantomathgroup.com](mailto:ipo@pantomathgroup.com)  
**Investor Grievance Id:** [ipo@pantomathgroup.com](mailto:ipo@pantomathgroup.com)  
**Contact Person:** Hardik Bhuta / Unmesh Zagade  
**SEBI Registration No:** INM000012110



**BIGSHARE SERVICES PRIVATE LIMITED**  
 1st Floor, Bharat Tin Works Building,  
 Opp. Vasant Oasis, Makwana Road, Marol,  
 Andheri East, Mumbai – 400 059  
**Tel:** +91 22 62638200  
**Fax:** +91 22 62638299  
**Email:** [ipo@bigshareonline.com](mailto:ipo@bigshareonline.com)  
**Website:** [www.bigshareonline.com](http://www.bigshareonline.com)  
**Investor Grievance Id:** [investor@bigshareonline.com](mailto:investor@bigshareonline.com)  
**Contact Person:** Nilesh S Chalke  
**SEBI Registration Number:** INR000001385

**BID/OFFER PROGRAMME**

**BID/OFFER OPENS ON: TUESDAY, DECEMBER 18, 2018**

**BID/OFFER CLOSES ON: THURSDAY, DECEMBER 20, 2018**

\*Number of Shares may need to be adjusted for lot size upon determination of Offer Price.

\*\*Subject to finalization of basis of allotment.

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

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

## SECTION I – GENERAL

### DEFINITION AND ABBREVIATION

Unless the context otherwise indicates, requires or implies, the following terms shall have the following meanings in this Red Herring Prospectus. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments, modifications or reenactments notified thereto.

Notwithstanding the foregoing, terms in “Main Provisions of the Articles of Association”, “Statement of Special Tax Benefits”, “Industry Overview”, “Key Industry Regulations and Policies”, “Financial Statements”, “Outstanding Litigation and Other Material Developments”, will have the meaning ascribed to such terms in these respective sections.

Term	Description
“Deccan Health Care Limited”, “our Company”, “the Company”, “the Issuer Company”, and “the Issuer”	Deccan Health Care Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at 247, 2nd floor, Dwarakapuri Colony, Punjagutta – 500082, Hyderabad, Telangana, India
“We”, “our”, “us” or “Group”	Unless the context otherwise indicates or implies, refers to our Company together with its Subsidiaries.

### COMPANY AND SELLING SHAREHOLDER RELATED TERMS

Term	Description
AOA/Articles / Articles of Association	The Articles of Association of our Company, as amended from time to time
Audit Committee	The committee of the Board of Directors re-constituted as the Company’s Audit Committee in accordance with Section 177 of the Companies Act, 2013 and rules made thereunder vide Board Resolution dated July 30, 2018.
Banker to the Company	Such banks which are disclosed as bankers to the Company in the chapter titled “ <i>General Information</i> ” on page 61 of this Red Herring Prospectus.
Board of Directors / the Board / Our Board / Directors	The Board of Directors of our Company, including all duly constituted Committees thereof.
Chairman/ Chairperson	The Chairman of Board of Directors of Deccan Health Care Limited being Yezdi Jal Batliwala.
Chief Financial Officer / CFO	The Chief Financial Officer of our Company being Uttam Kumar Singh.
CIN	Corporate Identification Number of our Company U72200TG1996PLC024351
Company Secretary and Compliance Officer / (CS)	The Company Secretary and Compliance Officer of our Company being Purnima Bhasin.
CSR Committee	The committee of Board of Directors constituted as the Company’s Corporate Social Responsibility Committee in accordance with Section 135 of the Companies Act, 2013 vide Board resolution dated August 31, 2017.
Equity Shares/Shares	The equity shares of our Company of a face value of ₹10/- each unless otherwise specified in the context thereof
Equity Shareholders/Shareholders	The holders of the Equity Shares of the Company.
Group Companies/Entities	Such companies as are included in the chapter titled “Our Group Companies” beginning on page 194 of this Red Herring Prospectus.

<b>Term</b>	<b>Description</b>
Independent Director	A non-executive, Independent Director as per the Companies Act, 2013 and the Listing Regulations.
ISIN	International Securities Identification Number. In this case being INE452W01019.
Key Management Personnel / KMP	Key management personnel of our Company in terms of Section 2(51) of the Companies Act, 2013 and Regulation 2(1)(bb) of the SEBI (ICDR) Regulations. and as identified in chapter titled “ <i>Our Management</i> ” on page 174 of this Red Herring Prospectus
Materiality Policy	The policy adopted by our Board for identification of Group Companies, material outstanding litigation and material dues outstanding to creditors in respect of our Company, pursuant to the disclosure requirements under the SEBI ICDR Regulations.
MD or Managing Director	The managing director of our Company being Minto Purshotam Gupta.
MoA/ Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time
Nomination & Remuneration Committee	The committee of the Board of Directors re-constituted as the Company’s Nomination & Remuneration Committee in accordance with Section 178(1) of the Companies Act, 2013 and rules made thereunder vide Board resolution dated July 30, 2018.
Promoter(s)	Promoters of our company being Minto Purshotam Gupta and Hitesh Patel.
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2(1)(pp) of the SEBI (ICDR) Regulations and as enlisted in the chapter titled “ <i>Our Promoters and Promoter Group</i> ” beginning on page 190 of this Red Herring Prospectus.
Registrar of Companies/ RoC	Office of Registrar of Companies, Hyderabad situated at 2 <sup>nd</sup> Floor, Corporate Bhawan, GSI Post, Tattiannaram Nagole, Bandlaguda, Hyderabad - 500 068.
Registered Office	The registered office of our Company situated at 247, 2nd floor, Dwarakapuri Colony, Punjagutta – 500082, Hyderabad, Telangana, India
Selling shareholder(s)	Selling shareholders of our company being Hitesh Patel and Meenakshi Gupta.
Selling shareholders Offered shares	20,00,000 equity shares being offered by the selling shareholder(s) consisting of 14,00,000 Equity Shares offered by Hitesh Patel and 6,00,000 equity shares offered by Meenakshi Gupta.
Stakeholders’ Relationship Committee	The committee of the Board of Directors re-constituted as the Company’s Stakeholders’ Relationship Committee in accordance with Section 178(5) of the Companies Act, 2013 and rules made thereunder vide Board resolution dated November 21, 2017.
Statutory Auditors or Auditors	The Statutory Auditors of our Company being M/s. Keyur Shah & Co., Chartered Accountants holding a valid peer review certificate dated July 30, 2018.
“you”, “your” or “yours”	Prospective Investors in this Offer

#### **OFFER RELATED TERMS**

<b>Term</b>	<b>Description</b>
Acknowledgement Slip	The acknowledgement slips or document issued by the Designated Intermediary to a Bidder as proof of registration of Bid.
Allot / Allotment /Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Offer of Equity Shares to the successful Bidders.

<b>Term</b>	<b>Description</b>
Allottee(s)	A successful Bidders to whom the Equity Shares are being Allotted
Allotment Advice	Note or advice or intimation of Allotment sent to each successful Bidder who has been or is to be Allotted the Equity Shares after approval of the Basis of Allotment by the Designated Stock Exchange
Application Supported by Blocked Amount/ ASBA	An application for subscribing to the Offer, along with an authorization to self-certified syndicate bank to block the application money in a bank account.
ASBA Account	Account maintained with an SCSB and specified in the Application Form which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder.
ASBA / Location(s) / Specified Cities	Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata and Hyderabad.
ASBA Bidders	Any Bidder except Anchor Investor
Banker to the Offer/ Refund Banker/ Public Offer Bank	The banks which are clearing members and registered with SEBI as Banker to an Offer with whom the Public Offer Account and Refund Account have been opened and in this case being ICICI Bank and IndusInd Bank.
Bankers to the Offer Agreement	Banker to the Offer Agreement entered on November 19, 2018 amongst our Company, Selling shareholders, Book Running Lead Manager, the Registrar to the Offer and Public Offer Bank/ Banker to the Offer for collection of the Bid Amount on the terms and conditions thereof.
Basis of Allotment	The basis on which the Equity Shares will be allotted to successful Bidders under the Offer, described in “ <i>Offer Procedure</i> ” on page 285 of this Red Herring Prospectus
Bid	An indication to make an application during the Bid/ Offer Period by a Bidder pursuant to submission of the Bid cum Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations in accordance with the Red Herring Prospectus and Bid cum Application Form.
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form and payable by the Retail Individual Bidder or blocked in the ASBA Account upon submission of the Bid in the Offer.
Bidding	The process of making a Bid.
Bid Lot	[●] equity shares and in multiples of [●] equity shares thereafter
Bid cum Application Form	The ASBA Form where the context so requires, in terms of which a Bidder makes a Bid in terms of the Red Herring Prospectus which will be considered as an application for Allotment.
Bid/ Offer Closing Date	The date on which the Syndicate, the Designated Branches and the Registered Brokers shall not accept the Bids, which shall be notified in All edition of the English national newspaper Business Standard, All edition of the Hindi national newspaper Business Standard , and Hyderabad edition of the Regional newspaper Surya, each with wide circulation, and in case of any revision, the extended Bid/ Offer closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations.
Bid/ Offer Opening Date	The date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, which shall be notified in All edition of the

<b>Term</b>	<b>Description</b>
	English national newspaper Business Standard, All edition of the Hindi national newspaper Business Standard, and Hyderabad edition of the Regional newspaper Surya , each with wide circulation, and in case of any revision, the extended Bid/ Offer Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations
Bid/ Offer Period	The period between the Bid/ Offer Opening Date and the Bid/ Offer Closing Date, inclusive of both days, during which Bidders can submit their Bids, including any revisions thereof.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied.
Bidding/Collection Centres	Centres at which the Designated intermediaries shall accept the ASBA Forms, i.e Designated SCSB Branch for SCSBs, specified locations for syndicate, broker centre for registered brokers, designated RTA Locations for RTAs and designated CDP locations for CDPs
Book Building Process/Book Building Method	The book building route as provided under Schedule XIII of the SEBI (ICDR) Regulations, 2018 in terms of which this Offer is being made
Book Running Lead Manager/ BRLM	Book Running Lead Manager to the Offer in this case being Pantomath Capital Advisors Private Limited SEBI Registered Category I Merchant Banker.
Broker Centers	Broker centers notified by the Stock Exchanges, where the Applicants can submit the Application Forms to a Registered Broker. The details of such broker centers, along with the name and contact details of the Registered Brokers, are available on the website of the BSE Limited on the following link- <a href="http://www.bseindia.com">www.bseindia.com</a>
CAN/ Confirmation of Allocation Note	The note or advice or intimation sent to each successful Bidder indicating the Equity Shares which will be Allotted/ transferred, after approval of Basis of Allotment by the Designated Stock Exchange.
Cap Price	The higher end of the price band above which the Offer Price will not be finalized and above which no Bids (or a revision thereof) will be accepted
Client ID	Client identification number of the Applicant's beneficiary account
Collecting Depository Participant	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Collecting Registrar and Share Transfer Agent	Registrar to an offer and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Book Running Lead Manager, the Registrar to the Offer and the Stock Exchange and a list of which is available at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> or at such other website as may be prescribed by SEBI from time to time
Cut Off Price	The Offer Price, which shall be any price within the Price band as finalized by our Company and the Selling Shareholders in consultation with the BRLM. Only Retail Individual Investors are entitled to Bid at the Cut-off Price and Non-Institutional Investors are not entitled to Bid at the Cut-off Price.
Demographic Details	The details of the Bidders including the Bidders address, names of the Bidders father/husband, investor status, occupations and bank account details

<b>Term</b>	<b>Description</b>
Depository / Depositories	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996
Depository Participant / DP	A depository participant as defined under the Depositories Act.
Designated CDP Locations	Such centres of the CDPs where Bidders can submit the Bid cum Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Bid cum Application Forms are available on the website of the Stock Exchange ( <a href="http://www.bseindia.com">www.bseindia.com</a> ) and updated from time to time
Designated Date	The date on which the Collection Banks transfer funds from the public issue accounts, and the SCSBs issue instructions for transfer of funds from the ASBA Accounts, to the Public Offer Account or the Refund Account, as appropriate, in terms of the Red Herring Prospectus following which the Board of Directors may Allot Equity Shares to successful Bidders in the Fresh Issue may give delivery instructions for the transfer of the respective Offered Shares.
Designated Intermediaries / Collecting Agent	An SCSB with whom the bank account to be blocked, is maintained, a syndicate member (or sub-syndicate member), a Registered Broker, Designated CDP Locations for CDP, a Registrar to an Offer and Share Transfer Agent (RTA) (whose names are mentioned on website of the stock exchange as eligible for this activity).
Designated RTA Locations	Such locations of the RTAs where Applicants can submit the Application Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept Application Forms are available on the website of the Stock Exchange ( <a href="http://www.bseindia.com">www.bseindia.com</a> )
Designated SCSB Branches	Such branches of the SCSBs which shall collect the Application Forms, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in/">http://www.sebi.gov.in/</a> or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange/ Stock Exchange	BSE Limited
Draft Red Herring Prospectus / DRHP	This Draft Red Herring Prospectus dated November 17, 2018 filed with BSE Limited
Eligible NRI	NRIs from jurisdictions outside India where it is not unlawful to make an Offer or invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein
Eligible QFIs	QFIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered thereby and who have opened demat accounts with SEBI registered qualified depository participants.
Equity Shares or Ordinary Shares	The ordinary shares of our Company having a face value of ₹ 10/-, unless otherwise specified in the context thereof
First Bidder/ Applicant	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
FII/Foreign Institutional Investors	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India



<b>Term</b>	<b>Description</b>
Floor Price	The lowest end of the Price Band, subject to any revision thereto, at or above which the Offer Price will be finalized and below which no Bids (or revisions thereof) will be accepted
Fresh Issue	Fresh issue of 22,12,000 Equity Shares aggregating ₹ [●] lakhs to be issued by company pursuant to the Offer.
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the circulars (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 notified by the SEBI.
Listing Agreement	Unless the context specifies otherwise, this means the Listing Agreement to be signed between our Company and the BSE Limited
Market Making Agreement	Market Making Agreement dated November 19, 2018 between our Company, Selling shareholders, Book Running Lead Manager and Market Maker
Market Maker	Market Maker appointed by our Company from time to time, in this case being Pantomath Stock Brokers Private Limited who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time.
Market Maker Reservation Portion	2,11,200 Equity Shares of ₹10/- each at ₹[●]/- per Equity Share aggregating ₹[●] Lakhs reserved for subscription by the Market Maker
Mutual Fund(s)	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time
NIF	National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India
Net Offer	The Offer less the Market Maker reservation portion
Net Proceeds	Proceeds from the Fresh Issue after deduction of Offer expenses.
Non-Institutional Investors / NIIs	All Bidders (including Category III FPIs which are foreign corporates or foreign individuals but not including NRIs, other than Eligible NRIs) that are not QIBs (including Anchor Investor) or Retail Individual Bidders.
Non Resident	A person resident outside India, as defined under FEMA Regulations
Non-Resident Indian/ NRI	A person resident outside India, who is a citizen of India or a Person of Indian Origin as defined under FEMA Regulations, as amended
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. OCBs are not allowed to invest in this Offer
Offer for Sale	The offer for sale of 20,00,000 Equity Shares aggregating Rs.[●] by the Selling Shareholders at the Offer Price in terms of the Red Herring Prospectus, consisting of 14,00,000 Equity Shares by Hitesh Patel and 6,00,000 Equity Shares by Meenakshi Gupta. For further details in relation to Selling Shareholders, see “ <i>The Offer</i> ” on page 59 of this Red Herring Prospectus.
Offer / Offer Size/ Public Offer	Initial public offer of 42,12,000 equity shares of face value of ₹10/- each of the Company for cash at a price of ₹ [●] per equity share (including a premium of ₹ [●] per equity share) aggregating ₹ [●] lakhs consisting of a fresh issue of 22,12,000 equity shares by our Company aggregating ₹ [●] lakhs and an offer for sale of 20,00,000 Equity Shares by the Selling Shareholder aggregating ₹

<b>Term</b>	<b>Description</b>
	[●] lakhs. The Offer comprises a reservation of 2,11,200 Equity Shares aggregating ₹ [●] lakhs for market maker (“the market maker reservation portion”). The Offer and the Net Offer will constitute 26.81 % and 25.46 % of the post-Offer paid-up Equity Share capital of our Company, respectively.
Offer Agreement	The agreement dated November 01, 2018 between our Company, Selling shareholders and the Book Running Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Offer.
Offer Price	The final price at which the Equity Shares will be Allotted in terms of the Red Herring Prospectus and the Prospectus, as determined by our Company in consultation with and Selling Shareholder and in consultation with the BRLM on the Pricing Date in accordance with the Book-building Process and the Red Herring Prospectus.
Offer Proceeds	The proceeds of the Offer. For further information about use of the Offer Proceeds refer to the chapter titled “Objects of the Offer” beginning on page 93 of this Red Herring Prospectus.
Person/ Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires
Price Band	Price Band of a minimum price (Floor Price) of ₹ [●] and the maximum price (Cap Price) of ₹ [●] and includes revisions thereof. The Price Band will be decided by our Company and Selling shareholders in consultation with the BRLM and advertised in two national daily newspapers (one each in English and in Hindi) with wide circulation and one daily regional newspaper with wide circulation at least two working days prior to the Bid/ Offer Opening Date.
Pricing Date	The date on which our Company and the Selling shareholders in consultation with the BRLM, will finalize the Offer Price
Prospectus	The Prospectus to be filed with RoC on or after Pricing Date in accordance with Section 26 of the Companies Act, 2013, and the SEBI ICDR Regulations containing inter alia, the Offer Price, the size of the Offer and certain other information.
Public Offer Account(s)	The account opened with the Banker to the Offer under Section 40 of the Companies Act, 2013 to receive monies from the ASBA Accounts
Qualified Institutional Buyers / QIBs	A qualified institutional buyer as defined under Regulation 2(1) (ss) of the SEBI ICDR Regulations.
Red Herring Prospectus / RHP	The Red Herring Prospectus dated December 11, 2018 issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which does not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto
Refund Account	Account to which Application monies to be refunded to the Applicants in case of failure of the Offer
Refund Bank(s)/Refund Banker(s)	The Bankers to the Offer with whom the Refund Accounts has opened, in this case being ICICI Bank and IndusInd Bank.
Registered Brokers	Individuals or companies registered with SEBI as “Trading Members” (except Syndicate/Sub-Syndicate Members) who hold valid membership of BSE having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges.

<b>Term</b>	<b>Description</b>
Registrar Agreement	The Agreement between the Registrar to the Offer, the Issuer Company and the Selling shareholders dated November 01, 2018 in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registrar/ Registrar to the Offer/ RTI	Bigshare Services Private Limited having its office at Bharat Tin Works Building, 1 <sup>st</sup> Floor, Opp. Vasant Oasis, Makwana Road, Marol, Andheri East, Mumbai – 400 059, Maharashtra, India
Restated Financial Information	Restated financial statements of assets and liabilities as at June 30, 2018, March 31, 2018, 2017 and 2016 and statement of profit and loss and cash flows at and for the period ended on June 30, 2018 and for the years ended March 31, 2018, 2017 and 2016 for our Company in accordance with SEBI ICDR Regulations and other applicable laws.
Retail Individual Bidders / RIBs / Retail Individual Investors/ RIIs	Individual Bidders, submitting Bids, who have Bid for Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Net Offer (including HUFs applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their Bid Cum Application Forms or any previous Revision Form(s).
SEBI (Foreign Portfolio Investor) Regulations	Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations, 2014
Securities Law	In accordance with Regulation 2(1)(ccc), the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder and the general or special orders, guidelines or circulars made or issued by the Board thereunder and the provisions of the Companies Act, 2013 or any previous company law and any subordinate legislation framed thereunder, which are administered by the Board
Self-Certified Syndicate Banks/SCSB's/SCSB	Banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> and updated from time to time and at such other websites as may be prescribed by SEBI from time to time
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time
Share Escrow Agent	The share escrow agent appointed pursuant to the Share Escrow Agreement namely, Bigshare Services Private Limited
Share Escrow Agreement	Agreement dated November 19, 2018 entered into among the Selling Shareholders, our Company, the BRLM and a share escrow agent in connection with the transfer of the Offered Shares by the Selling Shareholder in the Offer for Sale and credit of such Offered Shares to the demat account of the Allottees in accordance with Basis of Allotment.
SME Platform of BSE	The SME platform of BSE Limited, approved by SEBI as an SME Exchange for listing of equity shares offered under Chapter IX of the SEBI ICDR Regulations.
Specified Locations	Collection centres where the SCSBs shall accept application form, a list of which is available on the website of the SEBI ( <a href="http://www.sebi.gov.in">www.sebi.gov.in</a> ) and updated from time to time
Specified securities	The equity shares Offered through the Red Herring Prospectus/ Prospectus

<b>Term</b>	<b>Description</b>
Sub Syndicate Member	A SEBI Registered member of BSE appointed by the BRLM and/or syndicate member to act as a Sub Syndicate Member in the Offer
Syndicate	Includes the BRLM, Syndicate Members and Sub Syndicate Members
Syndicate Agreement	The agreement dated November 19, 2018 entered into amongst our Company, the Selling shareholders, the BRLM and the Syndicate Members, in relation to the collection of Bids in this Offer
Syndicate Bidding Locations	ASBA Bidding Centres where an ASBA Bidder can submit their Bid in terms of SEBI Circular no CIR/CFD/DIL/1/2011 dated April 29, 2011, namely Mumbai, Chennai, Kolkata, Delhi and Hyderabad.
Syndicate Members/Members of the Syndicate	Intermediaries registered with the SEBI eligible to act as syndicate member and who is permitted to carry on the activity as an underwriter, in this case being Pantomath Stock Brokers Private Limited.
Transaction Registration Slip/TRS	The slip or document issued by the Syndicate or SCSB (only on demand), to the Bidder as proof of registration of the Bid
Underwriter	Pantomath Capital Advisors Private Limited
Underwriting Agreement	The agreement dated November 19, 2018 entered into between the Underwriters, our Company and the Selling shareholders.
Working Day(s)	In accordance with Regulation 2(1)(mmm) of SEBI ICDR Regulations, working days means, all days on which commercial banks in the city as specified in the Red Herring Prospectus are open for business 1. However, in respect of announcement of price band and bid/ Offer period, working day shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in the city as notified in the Red Herring Prospectus are open for business 2. In respect to the time period between the bid/ Offer closing date and the listing of the specified securities on the stock exchanges, working day shall mean all trading days of the stock exchanges, excluding Sundays and bank holidays in accordance with circular issued by SEBI.

#### **TECHNICAL / INDUSTRY RELATED TERMS**

<b>TERM</b>	<b>DESCRIPTION</b>
ACA	The Affordable Care Act
ACO	Accountable Care Organizations
AIDS	Acquired Immuno Deficiency Syndrome
AIIMS	All India Institute of Medical Sciences
ANDAs	Abbreviated New Drug Applications
API	Active Pharmaceutical Ingredient
ARVs	Antiretrovirals
CAGR	Compound Annual Growth Rate
CRAMS	Contract Research and Manufacturing Services
CSO	Central Statistics Office
DIPP	Department of Industrial Policy and Promotion
DMFs	Drug Master Files
EPCG	Export Promotion Capital Goods
EPFO	Employees' Provident Fund Organisation
ESI	Employee State Insurance
EU	European Union
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FY	Financial Year

<b>TERM</b>	<b>DESCRIPTION</b>
GDP	Gross Domestic Product
GFATM	Global Fund to fight AIDS, TB & Malaria
GST	Goods and Services Tax
GVA	Gross Value Added
HIV	Human Immunodeficiency Virus
HNI	High-net-worth Individuals
I&D	Innovation and Development
IBEF	India Brand Equity Foundation
IFC	International Finance Corporation
IMF	International Monetary Fund
IPA	Indian Pharmaceutical Association
MLHW	Ministry of Labor Health and Welfare
MPP	The Medicines Patent Pool
MYEA	Mid-Year Economic Analysis
NAS	New Active Substances
NIPER	National Institute of Pharmaceutical Education and Research
NLEM	National List of Essential Medicines
OTC	Over the counter
PE	Private Equity
PIB	Press Information Bureau
PMGKY	Pradhan Mantri Garib Kalyan Yojana
PPP	Public Private Partnership
R&D	Research and Development
RBI	Reserve Bank of India
SARC	Syngene Amgen Research and Development Center
SU	Standard Units
TAF	Tenofovir Alafenamide
UDAY	Ujwal DISCOM Assurance Yojana Scheme
UN	United Nations
US/ U.S./ USA	United States of America
USFDA	US Food and Drug Administration
VAT	Value Added Tax
WHO	World Health Organization
WPI	Wholesale Price Index

#### **CONVENTIONAL AND GENERAL TERMS AND ABBREVIATIONS**

<b>Term</b>	<b>Description</b>
A/c	Account
ACS	Associate Company Secretary
AGM	Annual General Meeting
AIF(s)	Alternative Investment Funds as defined in and registered with SEBI under SEBI AIF Regulations
Air Act	The Air (Prevention and Control of Pollution) Act, 1981
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
ASBA	Applications Supported by Blocked Amount
Associate	A person who is an associate of the issuer and as defined under the Companies Act, 2013

<b>Term</b>	<b>Description</b>
Authorised Dealers	Authorised Dealers registered with RBI under the Foreign Exchange Management (Foreign Currency Accounts) Regulations, 2000
AY	Assessment Year
Bn	Billion
BRLM	Book Running Lead Manager
CAGR	Compounded Annual Growth Rate
Category I Foreign Portfolio Investor(s)	FPIs registered as Category I Foreign Portfolio Investors under the SEBI FPI Regulations.
Category II Foreign Portfolio Investor(s)	An FPI registered as a Category II Foreign Portfolio Investor under the SEBI FPI Regulations
Category III Foreign Portfolio Investor(s)	FPIs registered as category III FPIs under the SEBI FPI Regulations, which shall include all other FPIs not eligible under category I and II foreign portfolio investors, such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices.
CC	Cash Credit
CCI	The Competition Commission of India
CDSL	Central Depository Services (India) Limited
CFO	Chief Financial Officer
CGST	Central GST
CIN	Corporate Identification Number
CIT	Commissioner of Income Tax
COPRA	The Consumer Protection Act, 1986
CST	Central Sales Tax
Companies Act	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Companies Act, 1956	Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections)
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections, read with the rules, regulations, clarifications and modifications thereunder
Consolidated FDI Policy	The current consolidated FDI Policy, effective from August 28, 2017, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
Contract Act	The Indian Contract Act, 1872
CSR	Corporate Social Responsibility
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI
DP	Depository Participant
DP ID	Depository Participant's identity number
DTC	Direct Tax Code, 2013
EBITDA	Revenue from operations (net) less total expenses (expenses other than finance cost, and depreciation and amortization).
EBITDA Margin	EBITDA divided by revenue from operations (net).

<b>Term</b>	<b>Description</b>
ECS	Electronic Clearing System
EGM	Extraordinary General Meeting
Electricity Act	The Electricity Act, 2003
EPA	The Environment Protection Act, 1986
EPF Act	The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ER Act	The Equal Remuneration Act, 1976
ESI Act	The Employees' State Insurance Act, 1948
ESIC	Employee State Insurance Corporation
ESOP	Employee Stock Option Plan
ESPS	Employee Stock Purchase Scheme
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations there under
FEMA 2000	The Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
FII(s)	Foreign Institutional Investors as defined under SEBI FPI Regulations
Financial Year / Fiscal Year / FY	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FIPB	Foreign Investment Promotion Board
Foreign Portfolio Investor or FPIs	A foreign portfolio investor, as defined under the SEBI FPI Regulations and registered with SEBI under applicable laws in India.
Fugitive economic offender	An individual who is declared a fugitive economic offender under section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GAAP	Generally Accepted Accounting Principles
GIR Number	General Index Registry Number
GoI/Government	Government of India
Gratuity Act	The Payment of Gratuity Act, 1972
GST Act	The Central Goods and Services Tax Act, 2017
Hazardous Wastes Rules	Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008
ICAI	The Institute of Chartered Accountants of India
ICDR/ ICDR Regulations/ SEBI ICDR/ SEBIs (ICDR) Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, including instructions and clarifications issued by SEBI from time to time
ICSI	The Institute of Company Secretaries of India
ID Act	The Industrial Disputes Act, 1947
IDRA	The Industrial (Development and Regulation) Act, 1951
IE Act	The Indian Easements Act, 1882
IEM	Industrial Entrepreneurs Memorandum
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code

<b>Term</b>	<b>Description</b>
IGST	Integrated GST
IT Act	Income Tax Act, 1961
Indian GAAP	Generally Accepted Accounting Principles in India
INR or Rupee or ₹ or Rs.	Indian Rupee, the official currency of the Republic of India
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended.
IPO	Initial Public Offering
KMP	Key Managerial Personnel
Ltd.	Limited
Maternity Benefit Act	Maternity Benefit Act, 1961
MCA	The Ministry of Corporate Affairs, GoI
MCI	Ministry of Commerce and Industry, GoI
MSME	Micro, Small and Medium Enterprise
MWA	Minimum Wages Act, 1948
Mn	Million
MoEF	Ministry of Environment and Forests
MoF	Ministry of Finance, Government of India
MOU	Memorandum of Understanding
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
NA	Not Applicable
NAV	Net asset value
NI Act	The Negotiable Instruments Act, 1881
No.	Number
Noise Regulation Rules	The Noise Pollution (Regulation & Control) Rules 2000
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect
NPV	Net Present Value
NRE Account	Non-Resident External Account established and operated in accordance with the FEMA
NRO Account	Non-Resident Ordinary Account established and operated in accordance with the FEMA
NSDL	National Securities Depository Limited
OCB	Overseas Corporate Bodies
p.a.	per annum
Pcs	Pieces
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after Tax
PIL	Public Interest Litigation
POB Act	Payment of Bonus Act, 1965
Public Liability Act/PLI Act	The Public Liability Insurance Act, 1991
Pvt./(P)	Private
QFI(s)	Qualified Foreign Investor(s) as defined under the SEBI FPI Regulations
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
R&D	Research & Development
Registration Act	The Indian Registration Act, 1908



<b>Term</b>	<b>Description</b>
RoC or Registrar of Companies	The Registrar of Companies
ROE	Return on Equity
RONW	Return on Net Worth
RTGS	Real Time Gross Settlement
Rule 144A	Rule 144A under the U.S. Securities Act, 1933
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI (LODR) Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternate Investment Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI SBEB Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as amended from time to time.
SGST	State GST
SHWW/SHWW Act	The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SME	Small and Medium Enterprise
STT	Securities Transaction Tax
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time.
TM Act	The Trademarks Act, 1999
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
U.S. Securities Act	The United States Securities Act, 1933
US\$ or USD or US Dollars	United States Dollar, the official currency of the United States of America
USA or U.S. or US	United States of America
VAT	Value Added Tax
Wages Act	Payment of Wages Act, 1936
Water Act	The Water (Prevention and Control of Pollution) Act, 1974
WCA	The Workmen's Compensation Act, 1923
Wilful defaulter	A wilful defaulter, as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations, means a person who or which is categorized as a wilful defaulter by any bank or financial institution (as defined under Companies Act, 2013) or consortium thereof, in accordance with the guideline on wilful defaulter issued by the RBI.

*Notwithstanding the following: -*

- i. In the section titled “*Main Provisions of the Articles of Association*” beginning on page 326 of this Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- ii. In the section titled “*Financial Statements*” beginning on page 200 of this Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- iii. In the section titled “*Risk Factor*” beginning on page 28 of this Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section;
- iv. In the chapter titled “*Statement of Special Tax Benefits*” beginning on page 105 of this Red Herring Prospectus, defined terms shall have the meaning given to such terms in that chapter; and
- v. In the chapter titled “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” beginning on page 232 of this Red Herring Prospectus, defined terms shall have the meaning given to such terms in that chapter.

## **PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

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

### **FINANCIAL DATA**

Unless stated otherwise, the financial data included in this Red Herring Prospectus are extracted from the restated financial statements of our Company, prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditors, set out in the section titled ‘Financial Statements’ beginning on page 200 of this Red Herring Prospectus. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI (ICDR) Regulations.

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

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

Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial position and Results of Operations” and elsewhere in this Red Herring Prospectus unless otherwise indicated, have been calculated on the basis of the Company’s restated financial statements prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditor, set out in the section titled ‘Financial Statements’ beginning on page 200 of this Red Herring Prospectus.

### **CURRENCY OF PRESENTATION**

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

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

### **INDUSTRY & MARKET DATA**

Unless otherwise stated, Industry & Market data used throughout this Red Herring Prospectus has been obtained from publically available information and Industry publications inter alia Planning Commission of India, Economic Survey, Industry Chambers and Associations etc. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

Further the extent to which the market and industry data presented in this Red Herring Prospectus is meaningful depends on the reader’s familiarity with and understanding of the methodologies used in

compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.

## FORWARD LOOKING STATEMENT

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

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

General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;

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

For a further discussion of factors that could cause our actual results to differ, refer to section titled “Risk Factors” and chapter titled “Management’s Discussion and Analysis of Financial Position and Results of Operations” beginning on pages 28 and 232 respectively of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

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

## SECTION II - SUMMARY OF OFFER DOCUMENT

### OVERVIEW OF NUTRACEUTICAL INDUSTRY

The Indian Nutraceuticals market is expected to grow from \$ 4 Bn in 2015 to \$ 10 Bn in 2022. This represents a huge growth of 21% growth annually. Transformation in food habits, less physical work, more of desk jobs have made Indians more vulnerable to lifestyle ailments. The average urban & semi-urban Indian is becoming more conscious about health & fitness. This is providing a massive growth opportunity for Nutraceuticals in India. The entire category of Nutraceuticals is divided into Functional Foods, Functional Beverages & Dietary Supplements. Functional Food & Beverages account for around 35% of the market in India and will experience higher growth in India in the next few years to come.

### OVERVIEW OF BUSINESS

Incorporated in the year 1996, our Company is into developing, manufacturing and marketing a broad range of healthcare products including nutraceutical, cosmeceutical and ayurveda products. In the present competitive era of medicines and food supplements, we aim to distinguish our identity by focusing on ways to bridge the nutrition gap which is a recognised cause of many diseases. We mainly develop and market differentiated healthcare products specializing in nutraceutical and cosmeceutical products, which we commercialize through different revenue channels that takes the products solutions to the consumers which includes network of distributors, marketing agents, direct to consumers and e-commerce channel for our domestic sales.

Minto Purshotam Gupta and Hitesh Patel are the Promoters of Our Company.

For, further details regarding risk involved in Business of the Company and risk in relation to the offer, refer to chapter titled “Risk Factor” beginning on page 28 of this Red Herring Prospectus.

### DETAILS OF THE OFFER

This is an Initial Public Offer of 42,12,000 Equity Shares of face value of Rs. 10 each of our Company for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per equity share) aggregating Rs. [●] Lakhs (“The Offer”) comprising of a Fresh Issue of 20,12,000 Equity Shares aggregating Rs. [●] lakhs by the Company (“Fresh Issue”) and an Offer for Sale of 20,00,000 Equity Shares aggregating Rs. [●] by Selling Shareholders (“Offer for Sale”), of which 2,11,200 Equity Shares of face value of Rs. 10/- each for cash at a price of Rs. [●] per equity share, aggregating [●] Lakhs will be reserved for subscription by Market Maker to the Offer (“Market Maker Reservation Portion”). The Offer less the Market Maker Reservation Portion i.e. Net Offer of 40,00,800 Equity Shares of face value of Rs. 10/- each is hereinafter referred to as the “Net Offer”. The Offer and the Net Offer will constitute 26.81 % and 25.46 %, respectively of the Post Offer paid up equity share capital of the Company.

Our company is not considering any pre-IPO placement of equity shares of the Company.

### OBJECTS OF THE OFFER

#### Fresh Issue -

Our Company intends to utilize the Net Proceeds of the Fresh Issue (offer proceeds of the Fresh Issue less Company’s part of the Offer Expenses) towards the following Objects:

Sr. No.	Particulars	Amount to be financed from the Net Proceeds (Rs. in lakhs)	Percentage of the net proceeds
1	Repayment/Prepayment of certain secured borrowings availed by our Company	794.88	[●]%
2	Purchase of Plant & Machinery and related civil work	555.25	[●]%
3	General Corporate Purposes	[●]	[●]%

Sr. No.	Particulars	Amount to be financed from the Net Proceeds (Rs. in lakhs)	Percentage of the net proceeds
	<b>Total</b>	[●]	[●]%

#### Offer for sale -

Each of the Selling Shareholders shall be entitled to their respective portion of the proceeds of the Offer from Offer for Sale. Our Company will not receive any proceeds from the Offer for sale.

For further details kindly refer to chapter titled “*Object of the Offer*” beginning on page 93 of this Red Herring Prospectus.

#### PRE-OFFER SHAREHOLDING OF PROMOTER, PROMOTER GROUP AND SELLING SHAREHOLDERS

Our Promoter, Promoter Group and Selling Shareholders are collectively holding 1,00,60,214 equity shares of our Company aggregating 74.51 % of the pre-offer paid-up share capital of our Company. Following are the details of the shareholding of Promoters, Promoter Group and Selling Shareholders:

Sr. No.	Name of the Shareholders	Pre – Offer	
		No. of Equity Shares	% of Pre-Offer Capital
(I)	(II)	(III)	(IV)
	<b>Promoter</b>		
1.	Minto Purshotam Gupta	21,07,667	15.61
2.	Hitesh Patel*	53,25,214	39.44
	<b>Sub total (A)</b>	<b>74,32,881</b>	<b>55.05</b>
	<b>Promoter Group</b>		
3.	Meenakshi Gupta*	23,07,333	17.09
4.	Vipul Patel	1,20,000	0.89
5.	Bhavna Patel	2,00,000	1.48
	<b>Sub total (B)</b>	<b>26,27,333</b>	<b>19.46</b>
	<b>Total (A+B)</b>	<b>1,00,60,214</b>	<b>74.51</b>

\*Hitesh Patel and Meenakshi Gupta are selling shareholders.

#### SUMMARY OF FINANCIAL INFORMATION

Following are details as per the restated financial statements for the period ended June 30, 2018 and financial years ended on March 31, 2018, 2017 and 2016:

Amount (Rs. in Lakhs)

Particulars	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Share Capital	1,350.14	1,350.14	1,293.25	1,043.25
Net Worth	3,893.89	3,648.08	2,214.30	840.39
Total Revenue	859.35	3,976.07	2,938.94	1,617.70
Profit after tax	245.81	1,268.78	953.91	354.21
Earnings per share (in Rs.)	1.82*	9.75	9.06	5.48
NAV per share (In Rs.)	28.84	27.02	17.12	8.06
Total borrowings (as per balance sheet)	1,050.91	1,086.28	1,093.74	1,394.35

\*Not annualised

## AUDITOR QUALIFICATIONS

There is no auditor qualification which have not been given effect to in the Restated Financial Statements.

## SUMMARY OF OUTSTANDING LITIGATIONS

Our Company, Promoters and Directors are currently involved in certain litigations. Following are the summary table of the outstanding litigation:

Name of Entity	Criminal Proceedings	Civil/ Arbitration Proceedings	Tax Proceedings	Labour Disputes	Consumer Complaints	Complaints under Section 138 of NI Act, 1881	Aggregate amount involved (Rs. In lakhs)
<b>Company</b>							
By the Company	Nil	1	Nil	Nil	Nil	Nil	Unascertainable
Against the Company	Nil	Nil	2	Nil	Nil	Nil	9.33
<b>Promoters</b>							
By the Promoter	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Against the Promoter	1	1	Nil	Nil	Nil	Nil	10.00#
<b>Directors</b>							
By the Directors	1	1	Nil	Nil	Nil	Nil	Unascertainable
Against the Directors	2	Nil	4	Nil	Nil	Nil	1.53
<b>Subsidiaries</b>							
By the Subsidiaries	N.A.*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Against the Subsidiaries	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

\*N.A. = Not Applicable

#-The amount depicts the penalty imposed on the Promoter under a civil matter, the amount involved in the criminal matter against the Promoter is not ascertainable.

For further details in relation to legal proceedings involving our Company, Promoters, Directors and Group Companies refer chapter titled “*Outstanding Litigation and Material Developments*” and “*Risk Factors*” on page 251 and 28 of this Red Herring Prospectus.



## SUMMARY OF CONTINGENT LIABILITIES

Following is the summary of the Contingent Liabilities of the Company for the period ended on June 30, 2018 and financial years ended on March 31, 2018, 2017 and 2016:

Amount (Rs. in Lakhs)

Particulars	For the Period ended on June 30, 2018	For the Year ended on		
		March 31, 2018	March 31, 2017	March 31, 2016
<b>Claim against company not acknowledge as debts</b>				
in respect of Income Tax	5.26	5.26	5.26	5.26
in respect of Commercial Tax	136.24	136.24	136.24	84.49
<b>Total</b>	<b>141.50</b>	<b>141.50</b>	<b>141.50</b>	<b>89.75</b>

For further details regarding the same, refer the Chapter titled “*Financial Statement as Restated*” beginning on page 200 of this Red Herring Prospectus.

## SUMMARY OF RELATED PARTY TRANSACTIONS

Following is the summary of the related party transactions entered by the Company for the period ended on June 30, 2018 and financial year ended on March 31, 2018, 2017 and 2016:

Name of the Party	Nature of Relation	Nature of Transaction	Amount of Transaction Debited in 2015-16	Amount of Transaction Credited in 2015-16	Amount Outstanding as on 31.03.16 (Payable)/Receivable	Amount of Transaction Debited upto 31.03.2017	Amount of Transaction Credited upto 31.03.2017	Amount Outstanding as on 31.03.17 (Payable)/Receivable	Amount of Transaction Debited upto 31.03.2018	Amount of Transaction Credited upto 31.03.2018	Amount Outstanding as on 31.03.2018 (Payable)/Receivable	Amount of Transaction Debited upto 30.06.2018	Amount of Transaction Credited upto 30.06.2018	Amount Outstanding as on 30.06.2018 (Payable)/Receivable
Minto Purushotam Gupta	Director	Director Remuneration	28.34	6.00	-	36.00	36.00	-	52.40	52.40	-	4.38	11.55	(7.17)
Minto Purushotam Gupta	Director	Unsecured Loan	3.47	0.28	(54.24)	89.03	62.71	(27.92)	44.27	27.53	(11.19)	-	-	(11.19)
Minto Purushotam Gupta	Director	Remission For Accommodation	-	-	-	-	-	-	-	-	-	-	-	-
Hitesh Mohanbhai Patel	Director	Loans and Advances	-	-	25.00	10.00	-	35.00	-	35.00	-	-	-	-
Mintokshi Associates and Investment Pvt Ltd	Associate Company	Loans and Advances	-	-	-	-	-	-	29.82	2.00	27.82	-	-	27.82
Meenakshi Gupta	Director	Director Remuneration	-	3.00	(3.00)	27.00	24.00	-	22.00	22.00	-	7.05	7.05	-
Meenakshi Gupta	Director	Sales	-	-	-	-	-	-	-	-	-	-	-	-
Meenakshi Gupta	Director	Unsecured Loan	-	-	-	-	-	-	-	-	-	-	-	-
Specialty Research and Life Sciences	Proprietorship of director	Unsecured Loan	162.18	22.74	(348.11)	753.82	410.54	(4.83)	22.28	17.45	-	3.25	8.80	(5.55)

Name of the Party	Nature of Relation	Nature of Transaction	Amount of Transaction Debited in 2015-16	Amount of Transaction Credited in 2015-16	Amount Outstanding as on 31.03.16 (Payable)/ Receivable	Amount of Transaction Debited upto 31.03.2017	Amount of Transaction Credited upto 31.03.2017	Amount Outstanding as on 31.03.17 (Payable)/ Receivable	Amount of Transaction Debited upto 31.03.2018	Amount of Transaction Credited upto 31.03.2018	Amount Outstanding as on 31.03.2018 (Payable)/ Receivable	Amount of Transaction Debited upto 30.06.2018	Amount of Transaction Credited upto 30.06.2018	Amount Outstanding as on 30.06.2018 (Payable)/ Receivable
Specialty Research and Life Sciences	Proprietorship of director	Sales	19.17	19.17	-	15.90	8.30	7.60	-	-	7.60	-	-	7.60
Mr. Yezdi Batliwala	Director	Unsecured Loans	-	-	-	-	-	-	-	-	-	-	10.00	(10.00)
Mintakashi FMCH Products India (OPC) Private Limited	Common Director	Purchase	-	-	-	-	-	-	111.88	111.88	-	8.22	22.43	(14.21)
Mintakashi FMCH Products India (OPC) Private Limited	Common Director	Loans and Advances	-	-	-	0.17	-	0.17	-	0.17	-	-	-	-
Rani Venkata Satya Umeshwara Rao	Director	Sales	-	-	-	-	-	-	-	-	-	-	-	-
		Sundry Expense	0.28	0.28	-	5.71	3.98	1.73	4.44	2.51	3.67	-	-	3.67
		Salary	8.95	7.18	(20.06)	-	-	(20.06)	-	-	(20.06)	-	-	(20.06)
Ms. Mohita Gupta	Relative of KMP	Salary	-	6.44	(6.60)	-	-	(6.60)	3.00	-	(3.60)	-	-	(3.60)

For further details of the same refer the Annexure – XXVII under Chapter titled “Financial Statement as Restated” beginning on page 200 of this Red Herring Prospectus.

## DETAILS OF FINANCING ARRANGEMENTS

There are no financing arrangements whereby the Promoters, member of Promoter Group, the Directors of the Company which a Promoter of the Issuer, the Director of our company and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the Business of the financing entity during the period of six months immediately preceding the date of filing of this Red Herring Prospectus.

## WEIGHTED AVERAGE PRICE OF THE SHARES ACQUIRED BY PROMOTERS AND SELLING SHAREHOLDERS

Our Promoters and Selling Shareholders have not acquired any shares of the Company during last one (1) years from the date of filing of this Red Herring Prospectus.

## AVERAGE COST OF ACQUISITION OF SHARES

The average cost of acquisition of Equity Shares by our Promoters and Selling Shareholders is set forth in the table below:

Name of Promoters / Selling Shareholders	No. of equity share held	Average cost of acquisition (in Rs.)
<b>Promoters</b>		
Minto Purshotam Gupta	21,07,667	Not Determinable
Hitesh Patel*	53,25,214	0.11
<b>Selling Shareholders</b>		
Meenakshi Gupta*	23,07,333	Not Determinable

*\*Hitesh Patel and Meenakshi Gupta are selling shareholders.*

## EQUITY SHARES ISSUED FOR CONSIDERATION OTHER THAN CASH

Our Company has not issued any Equity Shares for consideration other than cash during last one year from the date of this Red Herring Prospectus.

## SPLIT / CONSOLIDATION OF EQUITY SHARES

Our Company has not done any split or consolidation of Equity Shares during the last one year from the date of this Red Herring Prospectus.

### SECTION III – RISK FACTORS

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

Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. Unless otherwise stated, the financial information of our Company used in this section is derived from our restated financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations. To obtain a better understanding, you should read this section in conjunction with the chapters titled “Our Business” beginning on page 139, “Our Industry” beginning on page 108 and “Management’s Discussion and Analysis of Financial Position and Results of Operations” beginning on page 232 of this Red Herring Prospectus as well as other financial information contained herein.

#### **Materiality:**

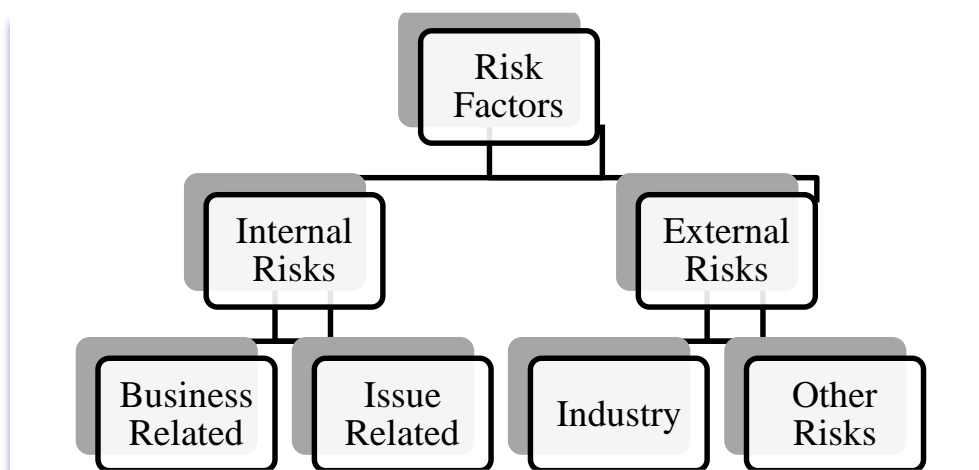
The Risk Factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality of Risk Factors:

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

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

In this Red Herring Prospectus, any discrepancies in any table between total and sums of the amount listed are due to rounding off.

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



## INTERNAL RISKS

- Business Related Risks**

1. Our Company has certain pending matters details of which can be traced in the Chapter titled “Outstanding Litigations and Material Developments” under the heading “Outstanding taxation matters involving our company, directors and promoters.”

A classification of legal proceedings is mentioned below:

Name of Entity	Criminal Proceedings	Civil/ Arbitration Proceedings	Tax Proceedings	Labour Disputes	Consumer Complaints	Complaints under Section 138 of NI Act, 1881	Aggregate amount involved (Rs. In lakhs)
<b>Company</b>							
By the Company	Nil	1	Nil	Nil	Nil	Nil	Unascertainable
Against the Company	Nil	Nil	2	Nil	Nil	Nil	9.33
<b>Promoters</b>							
By the Promoter	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Against the Promoter	1	1	Nil	Nil	Nil	Nil	10.00#
<b>Directors</b>							
By the Directors	1	1	Nil	Nil	Nil	Nil	Unascertainable
Against the Directors	2	Nil	4	Nil	Nil	Nil	1.53
<b>Subsidiaries</b>							
By the Subsidiaries	N.A.*	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Against the Subsidiaries	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

\*N.A. = Not Applicable

#-The amount depicts the penalty imposed on the Promoter under a civil matter, the amount involved in the criminal matter against the Promoter is not ascertainable.

## **2. Our Company, Promoters and Directors are currently involved in certain litigation matters pending at various stages as mentioned below in brief:**

- Our Promoter and Managing Director Minto Purshotam Gupta and our Director Meenakshi Gupta are involved in a criminal litigation “**Meenakshi Gupta v. State of Telangana**” wherein they were accused defrauding and misleading their investors. Further, a private complaint was also filed against Mr. Minto under section 138 of Negotiable Instrument Act, 1881 for dishonourment of cheque. Subsequent to this, Mr. Minto and Ms. Meenakshi were granted anticipatory bail in the matter. The matter is currently pending. Kindly refer the “Outstanding Litigations and Material Developments Chapter” under the heading “Litigations against Director/s of our Company” on page number 251 for the more details on this matter.

### **Future implication of the matter:**

It shall be noted that a person convicted under section 138 of the N.I. Act may be punished with imprisonment for a term which may be extended to two years or with fine which may extend to twice the amount of the cheque, or with both. In an event, Mr. Minto and Ms. Meenakshi are convicted in the above matter, they shall be debarred from becoming directors of our Company as per section 164 (1) (d) and section 196 (3) (c) and (d) of the Companies Act 2013.

- Our Promoter, Hitesh Patel is involved in a criminal litigation “**Hitesh Patel v. Sri. Satyanarayan**” wherein he was accused under section 420, 406, 467, 468, 471 read with Section 120(B) of Indian Penal Code for acting in collusion (with others) and illegally trading in accounts of the complainant and others and forgery amongst other offences. In a confessional statement, he admitted to committing the offence. He later claimed that he was falsely implicated and arrested. He was subsequently granted bail on execution of a personal bond of INR 50,000. His wife, meanwhile, filed a Writ petition urging that Hitesh was taken into the police custody unconstitutionally and without following the due procedure. Kindly refer the “Outstanding Litigations and Material Developments Chapter” under the heading “Litigations against our Promoter/s” on page number 251 for the more details on this matter.

### **Future implication of the matter:**

It shall be noted that if Mr. Hitesh is convicted in the above matter, he shall face disqualification from acting as a director of our Company as per section 164 (1) (d) of the Companies Act 2013.

- Hitesh Patel is also involved in a civil matter “**Hitesh Patel and Others v. SEBI**” wherein an order was passed by the Securities and Exchange Board of India for dealing in the scrip of Shreeyash Industries Limited (Now known as Nutricircle Limited) in a fraudulent and manipulative manner, by indulging in synchronized trades, thereby, creating artificial volumes and price which gave a false and misleading appearance of trading in the scrip of the Company. SEBI, in its order, imposed a penalty of INR 10,00,000. Mr. Hitesh has filed an appeal Securities appellant Tribunal against the said order. The matter is currently pending. Kindly refer the “Outstanding Litigations and Material Developments Chapter” under the heading “Litigations against our Promoter/s” on page number 251 for the more details on this matter.
- Our Director, Meenakshi Gupta is involved in a criminal litigation “**Meenakshi Gupta v. State of West Bengal and Anr.**” under section 498A, 406, 326 and 34 of the Indian Penal Code, 1860 and section 3 and 4 of Dowry Prohibition Act 1961 wherein she and her family members were accused of subjecting her daughter in-law to inhumane mental and physical violence. The matter is currently pending. Kindly refer the “Outstanding Litigations and Material Developments Chapter” under the heading “Litigations against Director/s of our Company” on page number 251 for the more details on this matter.

### **Future implication of the matter:**

It shall be noted that if Ms. Meenakshi is convicted in the above matter, she shall face disqualification from acting as a director of our Company as per section 164 (1) (d) of the Companies Act 2013.

- Meenakshi Gupta filed a Writ Petition “**Meenakshi Gupta v. HDFC Bank and Anr.**” submitting that she was wrongfully forbidden to operate her bank account by a bank. In an interim order. She was allowed to operate the account for a period of 4 days. The matter is currently pending. Kindly refer the “Outstanding Litigations and Material Developments Chapter” under the heading “Litigations filed by Director/s of our Company” on page number 251 for the more details on this matter.

Any further adverse rulings or decisions in the above matters may expose us to liabilities and penalties and may have an adverse material impact on our business and results of operations. Also, there is no assurance that in future, we, our promoters, our directors or group companies may not face legal proceedings; any adverse decision in such legal proceedings may impact our business.

- Our Company has filed a Compounding Application (“Application”) dated 06.12.2018 bearing Company Petition No. 10347 of 2018 before the National Company Law Tribunal, Hyderabad to compound the inadvertent error for not opening a separate bank in a scheduled bank as required by proviso to section 42(6) of the Companies Act, 2013.

**Future implication of the matter:**

It shall be noted that in case the Application is admitted, the Company shall be bound to pay a penalty to the tune of a maximum of INR 5,00,000/- or any other amount as may be directed by the Tribunal. It shall be further noted that in case the Application stands rejected, the Company, its Promoters and Directors shall be liable for a penalty which may extend to the amount raised through private placement or INR 2,00,00,000/- (whichever is lower) and the Company shall also be directed to refund all the monies raised through private placement (along with interest).

- 3. Our Directors i.e. Mr. Minto Purshotam Gupta and Ms. Meenakshi Gupta had been disqualified to act as “director” under Section 164(2) of the Companies Act, 2013 with effect from November 01, 2015 and their Director’s Identification Numbers (DIN) were deactivated pursuant to notification issued by Ministry of Corporate Affairs (MCA). Subsequently on hearing the Writ petition filed by our Directors before the Hon’ble High Court at the Judicature at Hyderabad, their DINs were restored pursuant to the Hon’ble High Court’s order. Any further adverse rulings or decisions in regards the same by regulatory authorities against our Directors may, however, have adverse material impact on our business and results of operations.**

Mr. Minto Purshotam Gupta, Promoter, and Managing Director of our Company and Ms. Meenakshi Gupta, Whole Time Director of our Company, had been disqualified to act as director under Section 164(2) of Companies Act, 2013 and their Director’s Identification Numbers (DIN) were deactivated with effect from November 01, 2015 pursuant to notification issued by Ministry of Corporate Affairs (MCA), as they are Directors of Mintokashi Associates & Investments Private Limited, the name of which company had been struck off under the provisions of Section 248 of the Companies Act, 2013 for non filing of annual returns for the period of four years starting from FY 2012-13 to FY 2015-16.

The provision of disqualification of directors due to non – filing of annual returns for the three consecutive years was not applicable to private limited companies under section 274 (1) (g) of the Companies Act, 1956 and the new provision of section 164(2) of Companies Act, 2013, making the said disqualification criterion applicable to directors of private limited companies, was enforced effective from April 01, 2014. As such, Mintokashi Associates & Investments Private Limited delayed filing of annual returns only for two financial years after the new provision of section 164(2) become effective.

Both the abovementioned Directors had filed a Writ Petition bearing reference no. 36541 of 2017 dated October 31, 2017 against Union of India and Registrar of Companies before the Hon’ble High Court at the Judicature at Hyderabad under Article 226 of Constitution of India. An interim Order dated November 16, 2017 was passed by the Hon’ble High Court, directing the MCA to restore the Director Identification Numbers (DIN) of the affected Directors to enable them to file annual returns for the respective financial years to cure non compliances. MCA has subsequently, duly restored the DIN of our Directors to give effect to the said Order. After receipt of the Interim Order, Mintokashi Associates



& Investments Private Limited has filed all the pending annual filings with Hon'ble Registrar of Companies and the status of the said company has been updated to "ACTIVE".

However, any further adverse rulings or decisions in regards the same by regulatory authorities against our Directors may render us liable to liabilities and penalties and may have an adverse material impact on our business and results of operations.

#### **4. Our Auditor has included certain emphasis of Matter in the Restated Audit Report.**

Our Auditor has given following emphasis of Matter in the restated Audit Report for the period ended June 30, 2018 and for year ended March 31, 2016, 2017 and 2018 of our Company on which no qualifications has been issued by the Statutory Auditors in the statutory audit report.

- The Company has not paid Tax Deducted at Source (TDS) amounting to Rs. 25.13 lakhs relating to financial year 2017-18 till the date of this report.
- The Company has neither filled any return of Goods and Service Tax ("GST") nor has paid any amount relating to the same due to following:

The locality, where the factory unit of the Company is situated, being a notified area, enjoys certain benefits under various taxation laws (present and erstwhile) e.g. Excise Duty, Income Tax, VAT, etc. After implementation of the Goods and Service Tax w.e.f. July 01, 2017 by the Government of India, the Company registered the manufacturing facility under the SEZ unit category as done by other units in that locality to continuously avail the benefits available under erstwhile Central Excise Act, 1944 and State VAT Act. However, no specific notification for the same has been issued by any authority under the new Goods and Service Tax Act, as was done under previous regime. The matter is pending with the office of GST Commissioner for rectification of online GST system which has not been resolved till the date of this report.

- As per Section 42 of companies Act, 2013, any money received by the company for the purpose of private placement needs to be kept in a separate bank account with a Scheduled Bank. However, during Financial Year 2017-18, the Company had failed to open a separate bank account for money received on account of private placement, which has resulted into non-compliance with Section 42 of the Companies Act, 2013;
- The Company was required to contribute towards corporate social responsibility during financial year 2016-17. However, neither a provision nor a contribution towards the fund have been made by the Company, resulting into non-compliance with Section 135 of the Companies Act, 2013;
- As per Section 185 of the companies Act, 2013, no Company shall provide any loans and/or advances to any of its directors or entities in which such director of the company is interested. However, the Company has provided loan to a director / company in which director of the company is interested. The aggregate balance of such outstanding loans on Jun 30, 2018 is Rs.27.82 Lakhs.
- As per Section 73 of the Companies Act, 2013, the Company shall allot securities within 60 days of receipt of share application money, provided if the Company is not able to allot share within such time limit, it shall repay the Amount within 15 days from the date of expiry of such 60 days, otherwise it shall be considered as deposit. During the financial year 2017-18, the Company had failed to allot shares within 60 days of receipt of share application money and such money was not refunded within 15 days thereafter, resulting into money being considered as Deposit under section 73 of the Companies Act, 2013. However, the Company has not complied with Section 73 of the Companies Act, 2013 and rules framed thereunder.

No show cause notice in respect of the above has been received by the Company till date, any penalty imposed for such non-compliance in future by any regulatory authority could affect our financial conditions to that extent.

#### **5. Our manufacturing facility is currently underutilized.**

Due to certain manual or semi - automated processes and limited capacity of certain ancillary machineries like packing machinery, we are unable to fully utilize the existing capacity of our manufacturing facility. We propose to upgrade our manufacturing facility by utilizing some portion of the Net Proceeds so as to enable us to enhance our capacity utilization and thereby expand our business operations and consequently results of operations. For further details, please refer chapter titled "Objects of the Offer" beginning on page 93 of the Red Herring Prospectus. However if we are not able to upgrade our manufacturing facility in the planned manner, we may not be able to fully utilize our installed capacity and thereby absorb our fixed costs. Consequently we may be unable to expand our business operations and take advantage of the business opportunities available.

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

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

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

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

**8. Our Trade receivables as at June 30, 2018 was Rs. 1,687.62 Lakhs. Our inability to recover the dues may lead to inferior financial performance.**

For the period ended June 30, 2018, our Trade Receivables was at Rs. 1,687.62 Lakhs as compared to our Revenue from Operations of Rs. 3,947.88 Lakhs for the full year ended March 31, 2018. Out of Rs. 1,687.62 Lakhs Trade receivables outstanding, 49.7% amounting to Rs. 838.69 Lakhs were outstanding for more than 6 months. Working capital forms an integral part for running our business operations smoothly, in case of delayed recovery or part-recovery or our inability to recover at all may lead to stress on financial resources adversely impacting business performance. Although our Company focus on working with customers having good credibility, our inability to assess the credit worthiness of our customers may lead to generation of revenue which may not be recovered, fully or partially. In such situations, we may be required to make provisions for debtors or recognition of bad debts which may lead to lower profitability and consequently we may be required to fund our working capital requirements from other funding sources such as bank loans which may further add to interest and other financial burden.

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

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

- Non-compliance with section 383A of Companies Act, 1956 by not appointing a Company Secretary when the Paid up capital of the Company has crossed Rs. 5 Crores. However as on date of the Red Herring Prospectus, our Company has appointed a Company Secretary to act as Compliance Officer.
- In past, our company has failed to timely regularise the Directors. As on the date of the Red Herring Prospectus such non-compliance has been rectified by our company.
- As required under the Accounting Standard, our company has failed to present the schedule of Related Party Transaction in the Statutory Audit report and also Provision for Gratuity valuation. However, the effect of Related Party Transaction schedule and Provision for Gratuity valuation is given in the restated financials.
- Non-availability of records pertaining to FC-TRS i.e. transfer of 51,02,464 Compulsorily Convertible Cumulative Participatory Preference Shares executed between Viren Jewellers LLC, Dubai and Hitesh Patel.
- Our company was required to contribute towards Corporate Social Responsibility for the FY 2016-17. However, our company has failed to comply with the requirements of Section 135 of the Companies Act, 2013.
- Non Compliance of provisions of Section 73 of Companies Act 2013 with respect to availment of unsecured loans from persons other than the directors, relatives of directors and members of the Company during the past and allotment of shares after 60 days from the receipt of funds. Further, during the financial year 2017-18, the Company had failed to allot shares within 60 days of receipt of share application money and such money was not refunded within 15 days resulting into money being considered as Deposit under section 73 of the Companies Act, 2013.
- We have made allotment of 8,00,000 equity shares of Rs. 10/- each to total 4 allottees vide a Board Resolution dated June 17, 2008. In the said allotment, the name of one of the allottees has been erroneously mentioned as Vijaya Patel in the Board Resolution of allotment instead of Vipul patel to whom 1,20,000 equity shares have been duly allotted. We have duly filed the said Board Resolution with the Registrar of Companies vide Form 2 of allotment. However we have not received any communication from ROC in this regard till date.
- Non Compliance of provisions of Section 42 of Companies Act, 2013 with respect to non opening of Separate bank account for money received from Private Placement done on February 05, 2018. However, Our Company has filed a Compounding Application (“Application”) dated 06.12.2018 bearing Company Petition No. 10347 of 2018 before the National Company Law Tribunal, Hyderabad to compound the inadvertent error for not opening a separate bank account.
- Non Compliance of provisions of Section 185 of the Companies Act, 2013 with respect to loan given to a person in whom director is interested. However, the Company has provided loan to company in which director of the company is interested. The aggregate balance of such outstanding loans on June 30, 2018 is Rs.27.82 Lakhs.

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

No show cause notice in respect of the above has been received by the Company till date, any penalty imposed for such non-compliance in future by any regulatory authority could affect our financial

conditions to that extent. Such delay/noncompliance may in the future render us liable to statutory penalties and disallowing the resolutions, which may have consequence of violation of statutory provisions concerned. While this could be attributed to technical lapses and human errors, our Company is in the process of setting up a system to ensure that requisite filings are done appropriately with the requisite timeline.

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

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

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

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

Particulars	For the period ended June 30, 2018	For the year ended		
		2018	2017	2016
<b>A. Current Assets</b>				
A. Inventories	1,936.92	1,961.16	1,026.70	359.31
B. Trade Receivables	1687.62	1,465.44	1,848.02	805.38
C. Cash and Bank Balances	60.82	29.51	6.98	14.64
D. Short Term Loans & Advances	189.68	191.90	189.22	43.50
<b>B. Current Liabilities</b>				
A. Trade Payables	493.88	494.82	918.20	294.53
B. Other Current Liabilities	476.16	558.39	371.79	167.19
C. Short Term Provisions	697.50	558.81	196.49	49.31
<b>Working Capital (A-B)</b>	2,207.50	2,035.99	1,584.44	711.80
<b>Inventories as % of total current assets</b>	49.98%	53.76%	33.43%	29.38%
<b>Trade receivables as % of total current assets</b>	43.55%	40.17%	60.18%	65.86%

Our Company intends to continue growing by expanding our operations and geographical reach. All these factors may result in increase in the quantum of current assets. Our inability to maintain sufficient cash flow, credit facility and other sources of fund, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our

operations. For further details regarding working capital requirement, please refer to the chapter titled “Objects of the Offer” beginning on page 93 of this Red Herring Prospectus.

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

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

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

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

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

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

Our business model is currently mainly divided into three parts viz. marketing through distributors, marketing agents and e-commerce. Of these, we mainly derive revenue from our distributors and marketing agents. In distribution model, we sale our products directly to distributors who in turn take forward the supply chain. In case of marketing agents, we train such people and provide them incentives and offer them schemes to sell our products. Our business hence largely depends on the performance of our distributors and marketing agents, who may be responsible for selling our products to end users at domestic as well as international level. Currently, we have more than 140 distributors and around 6,100 marketing agents. We can give no assurance that the performance of such distributors and marketing agents will meet our required specifications or performance parameters.

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

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

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

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

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

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

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

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

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

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

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

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

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

For the year ended March 31, 2016, March 31, 2017 and March 31, 2018, we have accrued income of Rs. 435.00 lakhs, Rs. 600.00 lakhs and Rs. 165.00 Lakhs respectively on account of transfer of R&D technology to some of our customers. As per our understanding with the said customers, they can use such technology for the mutually agreed period and make us payment over a period of 5 years in equal installments from the year after the year in which transfer has been made. However we have not entered into agreements for such kind of arrangement with the customers and these are based on mutual understanding. In the event any of our client lapses in making the payment against our dues, we may not be legally entitled to claim such amounts from them and may incur losses on account of bad debts. Further in the absence of any formal arrangement, we may not be able to institute any legal suit for prohibited use of our technology or if the customer passes on such technology to other person without our consent.

**19. The Company has not placed orders for 100% of plant & machinery for our proposed object, as specified in the Objects of the Offer. Any delay in placing orders, procurement of plant & machinery and equipments may delay our implementation schedule and may also lead to increase in price of these plant & machinery and equipments, further affecting our revenue and profitability.**

As on date of the Red Herring Prospectus, we have not placed orders for plant & machinery required to be set up. Our Company has not made any advance payment towards the same. We have identified the type of plant and machinery required to be bought towards proposed object. However, we are yet to place orders for entire 100.00% of the Plant & Machinery worth Rs. 555.25 Lakhs as detailed in the “Objects of the Offer” beginning on Page 93 of this Red Herring Prospectus. These are based on our estimates and on third-party quotations, which are subject to a number of variables, including possible cost overruns, changes in management’s views of the desirability of current plans, change in supplier of equipments, among others, which may have an adverse effect on our business and results of operations. Further, we cannot assure that we would be able to procure these plant and machinery, or procure the same within budgeted costs and timelines. Delays in acquisition of the same could result in the cost and time overrun in the implementation of the Project, which would have a material adverse effect on our business, results of operations and financial condition. For further details, please refer to the chapter titled “Objects of the Offer” beginning on page 93 of this Red Herring Prospectus.

**20. Delay in schedule of the purchase of plant & machinery and equipments may subject our Company to risks related to time and cost overrun which may have a material adverse effect on our business, results of operations and financial condition.**

Our Company proposes to utilize Rs. 555.25 lakhs towards purchase of plant & machinery and equipments. For further details regarding to purchase of plant & machinery and equipments, please refer the chapter titled our “Objects of the Offer” and “Our Business” on page 93 and 139 respectively of this

Red Herring Prospectus. We may face risks relating to the commissioning and installation of these plant and machineries and equipments for reasons including delays to construction timetables, failure to complete the projects within our estimated budget, failure of our contractors and suppliers to adhere to our specifications and timelines, and changes in the general economic and financial conditions in India and other jurisdictions in which we operate.

We have limited control over the timing and quality of services, equipments or other supplies from third party contractors and/or consultants appointed by us and we may be required to incur additional unanticipated costs to remedy any defect or default in their services or products to ensure that the planned timelines are adhered to. Further as and when we commission our planned use of plant and machineries and equipments, our other requirements and costs as well as our staffing requirements and employee expenses may increase and we may face other challenges in extending our financial and other controls as well as in realigning our management and other resources and managing our consequent growth.

In the event that the risks and uncertainties discussed above or any other unanticipated risks, uncertainties, contingencies or other events or circumstances limit or delay our efforts to use the Net Offer Proceeds to achieve the planned growth in our business, the use of the Net Offer Proceeds for purposes identified by our management may not result in actual growth of our business, increased profitability or an increase in the value of your investment in our Equity Shares.

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

Our contingent liabilities as on June 30, 2018 is as under:

(Rs in lakhs)		
Sr.	Particulars	As at June 30, 2018
1.	In respect of Income Tax	5.26
2.	In respect of Commercial Tax	136.24
	<b>Total</b>	<b>141.50</b>

In the event any such contingencies mentioned above were to materialize or if our contingent liabilities were to increase in the future, our financial condition could be adversely affected. For further details, see the section entitled “*Financial Statements*” on page 200 of this Red Herring Prospectus.

**22. We require a number of approvals, NOCs, licences, registrations and permits in the ordinary course of our business. Some of the approvals are required to be transferred in the name of “Deccan Health Care Limited” from “Deccan Health Care Private Limited” pursuant to name change of our company and any failure or delay in obtaining the same in a timely manner may adversely affect our operations.**

Pursuant to our conversion from a private limited company to a public limited company in the year 2017, we need to take necessary steps for transferring the approvals of our company in the new name. We need to apply for renewal of approvals which expire, from time to time, as and when required in the ordinary course of our business. In case of delay or failure to obtain the same, it could affect our business operations. Any failure to renew the approvals that have expired, or to apply for and obtain the required approvals, licences, registrations or permits, or any suspension or revocation of any of the approvals, licences, registrations and permits that have been or may be issued to us, could result in delaying the operations of our business, which may adversely affect our business, financial condition, results of operations and prospects. We cannot assure you that the approvals, licences, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action.

Our Company has following pending approvals:

1. Certificate for Employees Provident Fund Registration under Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 is yet to be received as per the communication reference 5007/EPF/Ksho.k/Pravartan/UK/35621 dated August 4, 2010.



2. Application dated June 13, 2017 made to Uttarakhand Environment Protection & Pollution Control Board for renewal of Consent to Operate issued by State Pollution Control Board Under section 25 of the Water (Prevention & Control of Pollution) Act, 1974 & Under section 21 of the Air (Prevention & Control of Pollution) Act, 1981.
3. Authorisation / Renewal of Authorisation under Rule 5 of the Hazardous Wastes (Management, handling & Transboundary movement) Rules 2008.

Our Company is yet to apply for the following approvals:


1. Registration of Establishment under Shops and Establishments Act for registered office.
2. Renewal of Certificate of Registration with the U.S Food and Drug Administration.
3. Application for renewal of License for Contract Labour under the Contract Labour (regulation and abolition) Act, 1970.

For more information, see chapter “Government and Other Statutory Approvals” on page 259 of this Red Herring Prospectus.

**23. We depend on certain brand names and our corporate name and logo that we may not be able to protect and/or maintain. We have a logo which is used for our business purpose. Further the said logo is currently objected.**

Our ability to market and sell our products depends upon the recognition of our brand names and



associated consumer goodwill. We have applied for registration of our logo  and it is currently objected. There is no guarantee that the application for registration of our logo will be accepted in favour of the Company. This may affect our ability to protect our trademark in the event of any infringement of our intellectual property. In the absence of such registrations, competitors and other companies may challenge the validity or scope of our intellectual property right over these brands or our corporate name or logo. As a result, we may be required to invest significant resources in developing new brands or names, which could materially and adversely affect our business, financial condition, results of operations and prospects. In case of failure to renew our intellectual property on time, it may adversely affect our business operations.

Our failure to comply with existing or increased regulations, or the introduction of changes to existing regulations, could adversely affect our business, financial condition, results of operations and prospects.

The material approvals, licences or permits required for our business include trade licence, tax laws, environment laws and shops and establishment licences, among others. See “Government and other Statutory Approvals” on page 259 of this Red Herring Prospectus for further details on the required material approvals for the operation of our business.

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

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

**25. Conflicts of interest may arise out of common business undertaken by our Company and our Promoters and Directors.**

Our Promoters and Directors are involved into the ventures to carry similar activities as those conducted by our Company. As a result, conflicts of interests may arise in allocating business opportunities amongst our Company, and the ventures of Promoters and Directors in circumstances where our respective interests diverge. In cases of conflict, our Promoters may favour other company in which they have interests. There can be no assurance that our Promoters or our Group Company or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition.

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

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

**27. Our lenders have imposed certain restrictive conditions on us under our financing arrangements.**

We have entered into agreements for availing debt facilities from lenders. Certain covenants in these agreements require us to obtain approval/permission from our lenders in certain conditions. In the event of default or the breach of certain covenants, our lender has the option to make the entire outstanding amount payable immediately. Further certain agreements also impose financial and other restrictive covenants such as maintenance of financial ratios, submission of results, etc. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents necessary to take the actions that we believe are required to operate and grow our business.

Our level of existing debt and any new debt that we incur in the future has important consequences. Any failure to comply with these requirements or other conditions or covenants under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may require us to repay the borrowing in whole or part and may include other related costs. Our Company may be forced to sell some or all of its assets or limit our operations. This may adversely affect our ability to conduct our business and impair our future growth plans. Though these covenants are restrictive to some extent for us, however it ensures financial discipline, which would help us in the long run to improve our financial performance.

For further details in this regard, please refer chapter titled “Financial Indebtedness” beginning on page 248 of this Red Herring Prospectus.

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

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

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

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

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

Our Promoters average cost of acquisition of Equity Shares in our Company may be lower than the Floor Price of the Price Band as may be decided by the Company and the Selling Shareholders, in consultation with the BRLM. For further details regarding average cost of acquisition of Equity Shares by our Promoters in our Company and build-up of Equity Shares by our Promoters in our Company, please refer to section "Prominent Notes" under chapter "Capital Structure" beginning on page 73 of this Red Herring Prospectus, respectively.

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

Our Company has established its manufacturing facility in SIDCUL. Our unit is entitled to certain tax incentives and benefits which is available for 10 years w.e.f. March 20, 2013, detailed in the chapter titled "Statement of Special Tax Benefits" beginning on page 105 of this Red Herring Prospectus subject to the fulfilment of the terms and conditions imposed by the relevant authorities. We have benefited from certain tax regulations and incentives that accord favourable treatment to our manufacturing facilities. In the event our Company fails to comply with the said terms and conditions, our Company will not be entitled to such tax incentives and benefits which may have an adverse effect on our results of operations and financial condition. Further, our Company cannot assure you that the Government of India will not enact laws in the future that would adversely impact the tax incentives and benefits and consequently the tax liabilities and profits of our Company.

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

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

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

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

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

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

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

- The Drugs and Cosmetics Act, 1940 (“DCA”)
- The Drugs and Cosmetics Rules, 1945 (“DC Rules”)
- Essential Commodities Act, 1955 (the “ECA”)
- Food Safety and Standard Act, 2006
- Prevention of Food Adulteration Act, 1954
- The Environment Protection Act, 1986 (“Environment Protection Act”)
- Air (Prevention and Control of Pollution) Act, 1981
- Water (Prevention and Control of Pollution) Act, 1974
- Hazardous Waste Management & Handling Rules, 2008

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

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

As on the date of this Red Herring Prospectus, Hitesh Patel has specifically confirmed that he holds 53,25,214 Equity Shares and that he has consented to offer 14,00,000 Equity Shares for sale in the Offer for Sale and Meenakshi Gupta holds 23,07,333 Equity Shares and she has consented to offer 6,00,000 equity Shares for offer for sale. For further details, please refer chapter titled — “The Offer” on page 59 of this Red Herring Prospectus. The proceeds from the Offer for Sale will be remitted to the Promoter Selling Shareholders and our Company will not benefit from such proceeds.

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

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

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

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

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. We are also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees and work permits. Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages and diversion of our management's attention due to union intervention, which may have a material adverse impact on our business, results of operations and financial condition.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

While we have successfully executed our business strategy in the past, there can be no assurance that we will be able to execute our strategy on time and within our estimated budget, or that our expansion and development plans will increase our profitability. Any of these factors could adversely impact our results of operations. We expect our growth strategy to place significant demands on our management, financial and other resources and require us to continue developing and improving our operational, financial and other internal controls. Our inability to manage our business and growth strategy could have a material adverse effect on our business, financial condition and profitability. For further details of our business strategies, please refer the chapter titled “Our Business” beginning on page 139 of the Red Herring Prospectus.

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

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

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

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

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

As on June 30, 2018, our Company had unsecured loans amounting to Rs. 26.74 lakhs from related parties that are repayable on demand to the relevant lender. Such loans are not repayable in accordance with any agreed repayment schedule and may be recalled by the relevant lender at any time. Any such unexpected demand or accelerated repayment may have a material adverse effect on the business, cash flows and financial condition of the borrower against which repayment is sought. Any demand from lenders for repayment of such unsecured loans, may adversely affect our cash flows. For further details of unsecured loans of our Company, please refer Annexure VII - Details of Long Term Borrowings as Restated of chapter titled “Financial Statements” beginning on page 200 of the Red Herring Prospectus.

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

We do not have any formal agreements with our vendors/suppliers as we operate on a purchase order system. Due to the absence of any formal contract with our vendors/suppliers, we are exposed to the risks of irregular supplies or no supplies at all and delayed supplies which would materially affect our results of operations. In the event of any disruption in the raw materials supply or the non availability of raw materials, the production and dispatch schedule may be adversely affected impacting the sales and profitability of the Company. In the event the prices of such raw materials were to rise substantially, we may find it difficult to make alternative arrangements for supplies of our raw materials, on the terms acceptable to us, which could materially affect our business, results of operations and financial condition.

Our management believes that we maintain good relations with our suppliers and we shall also not face any challenge in finding new suppliers if required.

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

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

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

For the year ended June 30, 2018 our top 10 suppliers contributed more than 55% of our purchases. In the event of a delay, inadequacy or default in deliveries by any of our vendors, we may not be able to source our raw material on an adequate and timely basis or on commercially acceptable terms. A major disruption to the timely and adequate supplies of our raw materials could adversely affect our business, results of operations and financial condition. Any problems faced by our suppliers in their manufacturing facilities resulting in delays or non-adherence to quality requirements could adversely impact our ability to meet our customer's requirements in time and our operations would be affected to the extent we are unable to line up supplies from alternate suppliers.

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

As on date of this Red Herring Prospectus, we have not made any alternate arrangements for meeting our capital requirements for some of the objects of the offer i.e. Purchase of Plant & Machinery etc. We meet our capital requirements through our bank finance, debts, owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future would result in us being unable to meet our capital requirements, which in turn will negatively affect our financial condition and results of operations. Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this offer or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled "Objects of the Offer" beginning on page 93 of this Red Herring Prospectus.

**50. Within the parameters as mentioned in the chapter titled "Objects of the Offer" beginning on page 119 of this Red Herring Prospectus, our Company's management will have flexibility in applying proceeds of the Issue. The fund requirement and deployment mentioned in the Objects of this offer have not been appraised by any monitoring agency.**

We intend to use fresh Issue Proceeds towards repayment of secured loan, purchase of Plant & Machinery and general corporate purposes. We intend to deploy the Net Issue Proceeds in Financial Year 2018-19 and such deployment is based on certain assumptions and strategy which our Company believes to implement in future. The funds raised from the fresh Issue may remain idle on account of change in assumptions, market conditions, strategy of our Company, etc., For further details on the use of the Issue Proceeds, please refer chapter titled "Objects of the Offer" beginning on page 93 of this Red Herring Prospectus.



The deployment of funds for the purposes described above is at the discretion of our Company's Board of Directors. The fund requirement and deployment is based on internal management estimates and has not been appraised by any monitoring agency. Accordingly, within the parameters as mentioned in the chapter titled "Objects of the Offer" beginning on page 93 of this Red Herring Prospectus, the management will have flexibility in applying the proceeds received by our Company from the Issue. However, the company shall comply with Section 27 of the Companies Act, 2013 before varying the Objects of the Offer. The Audit Committee will monitor the utilisation of the proceeds of this offer.

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

Our Company has taken secured loan from banks by creating a charge over our immovable properties in respect of loans/facilities availed by us. The total amounts outstanding and payable by us for secured loans (including current maturities of long term debt) were Rs. 1011.42 lakhs as on June 30, 2018. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our properties may be forfeited by lenders, which in turn could have significant adverse effect on our business, financial condition and results of operations. For further details please refer to chapter titled Financial Indebtedness in chapter titled "Financial Indebtedness" on page 248 of this Red Herring Prospectus. However, repayment of secured loan from Oriental Bank of Commerce is one of the Objects of the Offer. For further details, please refer to chapter titled "Objects of the Offer" beginning on page 93 of this Red Herring Prospectus.

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

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

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

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see "Dividend Policy" on page 199 of this Red Herring Prospectus.

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

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

interest burden and decrease our cash flows, thus prejudicially affecting our profitability and ability to pay dividends to our shareholders.

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

Some of the debt facilities provided to our Company by our lenders stipulate that the facility shall be secured by a personal guarantee of our Promoters/ Directors. In event of default on the debt obligations, the personal guarantees may be invoked thereby adversely affecting our Promoters/ Directors / Key Managerial Personnel(s) ability to manage the affairs of our Company and consequently this may impact our business, prospects, financial condition and results of operations. Further, in an event our Promoters/ Directors/ Members withdraws or terminates his/their guarantee/s or security, the lenders for such facilities may ask for alternate guarantee/s or securities or for repayment of amounts outstanding under such facilities or even terminate such facilities. We may not be successful in procuring guarantee/s or collateral securities satisfactory to the lender and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which could adversely affect our financial condition. For more information, please see the chapter titled “Financial Indebtedness” beginning on page 248 of this Red Herring Prospectus.

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

Our Directors and Key Managerial Personnel are interested in our Company to the extent of remuneration paid to them for services rendered and reimbursement of expenses payable to them. In addition, some of our Directors and Key Managerial Personnel may also be interested to the extent of their shareholding, dividend entitlement, if any; loan availed from them by our Company, etc. For further information, see “Capital Structure” and “Our Management” and “Related Party Transactions” beginning on pages 73, 174 and 198, respectively, of this Red Herring Prospectus.

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

After completion of the Offer, our Promoters and members of the Promoter Group will collectively own 51.30 % of our equity share capital. As a result, our Promoters, together with the members of the Promoter Group, will continue to exercise a significant degree of influence over us and will be able to control the outcome of any proposal that can be approved by a majority shareholder vote, including, the election of members to our Board, in accordance with the Companies Act and our Articles of Association. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company.

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

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

Usage and handling of machinery or any sharp part of any machinery by labour during production process, handling of chemicals and materials, short circuit of power supply for machines, etc. may result in accidents and fires, which could cause indirect injury to our labour, employees, other persons on the site and could also damage our properties thereby affecting our operations. Further our plants and machinery

and personnel may not be covered under adequate insurance for occurrence of particular types of accidents which could adversely hamper our cash flows and profitability.

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

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

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

Our Company has entered into transactions with our certain related parties. While we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details on the transactions entered by us, please refer to "Annexure XXVII Related Party Transactions" in Section "Financial Statements as restated" beginning on page 200 of this Red Herring Prospectus.

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

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

**Issue related risk**

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

Our Company has allotted 5,68,966 Equity shares by private placement on February 05, 2018 at a price which may be lower than the offer price. For further details of Equity Shares issued, please refer to chapter titled, 'Capital Structure' beginning on page 73 of this Red Herring Prospectus.

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

The Offer Price of our Equity Shares will be determined by book building method. This price is based on numerous factors (For further information, please refer chapter titled "Basis for Offer Price" beginning on page 102 of this Red Herring Prospectus) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Offer Price. Among the factors that could affect our share price include without limitation. The following:

- Half yearly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;

- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

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

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

## **EXTERNAL RISK FACTORS**

### **Industry Risks**

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

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

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

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

### **Other Risks**

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

As stated in the reports of the Auditor included in this Red Herring Prospectus under chapter "Financial Statements as restated" beginning on page 200, the financial statements included in this Red Herring Prospectus are based on financial information that is based on the audited financial statements that are prepared and presented in conformity with Indian GAAP and restated in accordance with the SEBI ICDR Regulations, and no attempt has been made to reconcile any of the information given in this Red Herring Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Indian GAAP and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Red Herring Prospectus. Accordingly, the degree to which the financial information included in this Red Herring Prospectus will provide meaningful information is dependent on familiarity with Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited.

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

Under the Income-tax Act, 1961, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India except any gain realised on the sale of shares on a Stock Exchange held for

more than 12 months will not be subject to capital gains tax in India if the Securities Transaction Tax (“STT”) has been paid on the transaction. The STT will be levied on and collected by an Indian Stock Exchange on which equity shares are sold. Any gain realised on the sale of shares held for more than 12 months to an Indian resident, which are sold other than on a recognised Stock Exchange and as a result of which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of shares on a Stock Exchange held for a period of 12 months or less will be subject to short term capital gains tax. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India.

In Finance Bill 2017, Section 10(38) was amended to provide that exemption under this section for income arising on transfer of equity share acquired on or after 1st day of October 2004 shall be available only if the acquisition of share is chargeable to STT under Chapter VII of the Finance (No 2) Act, 2004. In this case, this provision becomes effective, sale shares acquired on or after 1st day of October 2004 on which STT was not charged will attract tax under provisions of Long Term Capital Gains.

As per Finance Bill 2018, exemption under section 10(38) for income arising from long term gains on transfer of equity share shall not be available on or after 1st day of April 2018 if the long term capital gains exceeds Rs. 1,00,000/- p.a. Such income arising from long term gains on transfer of equity share on or after 1st day of April 2018 in excess of Rs. 1,00,000/- p.a. shall be chargeable at the rate of 10%.

Capital gains arising from the sale of shares will be exempt from taxation in India in cases where an exemption is provided under a tax treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India’s ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of the shares subject to relief available under the applicable tax treaty or under the laws of their own jurisdiction.

#### **69. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws, may adversely affect our business and financial performance.**

Our business and financial performance could be adversely affected by unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business. Please refer to “Key Industry Regulations and Policies” on page 156 for details of the laws currently applicable to us. There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the jurisdictions in which we operate may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities.

GST has been implemented with effect from July 1, 2017 and has replaced the indirect taxes on goods and services such as central excise duty, service tax, central sales tax, state VAT and surcharge currently being collected by the central and state governments. The GST is expected to increase tax incidence and administrative compliance. Given the limited availability of information in the public domain concerning the GST, we are unable to provide any assurance as to the tax regime following implementation of the GST. The implementation of this new structure may be affected by any disagreement between certain state Governments, which could create uncertainty. Any future amendments may affect our overall tax efficiency, and may result in significant additional taxes becoming payable.

Further, the general anti avoidance rules (“GAAR”) provisions have been made effective from assessment year 2018-19 onwards, i.e.; financial Year 2017-18 onwards and the same may get triggered once

transactions are undertaken to avoid tax. The consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences.

In the absence of any precedents on the subject, the application of these provisions is uncertain. The application of various Indian tax laws, rules and regulations to our business, currently or in the future, is subject to interpretation by the applicable taxation authorities. If such tax laws, rules and regulations are amended, new adverse laws, rules or regulations are adopted or current laws are interpreted adversely to our interests, the results could increase our tax payments (prospectively or retrospectively) and/or subject us to penalties. Further, changes in capital gains tax or tax on capital market transactions or sale of shares could affect investor returns. As a result, any such changes or interpretations could have an adverse effect on our business and financial performance.

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

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

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

While facts and other statistics in this Red Herring Prospectus relating to India, the Indian economy and the Nutraceutical industry has been based on various publications and reports from agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled 'Our Industry' beginning on page 108 of this Red Herring Prospectus. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

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

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

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

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing

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

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

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

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

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

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

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

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

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

**SECTION IV – INTRODUCTION**  
**SUMMARY OF FINANCIAL INFORMATION**

**RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES**

**ANNEXURE-I**  
**(Amount in Lakhs)**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>I. EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
(a) Share capital	1,350.14	1,350.14	1,293.25	1,043.25
(b) Reserves and surplus	2,543.75	2,297.94	921.05	(202.86)
<b>Sub-Total</b>	<b>3,893.89</b>	<b>3,648.08</b>	<b>2,214.30</b>	<b>840.39</b>
<b>2. Money received against Share Warrants</b>	-	-	-	-
<b>Sub-Total</b>	-	-	-	-
<b>3. Non-current liabilities</b>				
(a) Long-term borrowings	798.87	841.85	1,076.49	1,394.35
(b) Deferred tax liabilities (Net)	170.91	168.91	170.24	172.13
(c) Other Non-Current provisions	22.19	22.13	12.38	16.55
<b>Sub-Total</b>	<b>991.97</b>	<b>1,032.89</b>	<b>1,259.11</b>	<b>1,583.03</b>
<b>4. Current liabilities</b>				
(a) Short-term borrowings	-	-	-	-
(b) Trade payables	493.88	494.82	918.20	294.53
(c) Other current liabilities	476.16	558.39	371.79	167.19
(d) Short-term provisions	697.50	558.81	196.49	49.31
<b>Sub-Total</b>	<b>1,667.54</b>	<b>1,612.02</b>	<b>1,486.48</b>	<b>511.03</b>
<b>TOTAL</b>	<b>6,553.40</b>	<b>6,292.99</b>	<b>4,959.89</b>	<b>2,934.45</b>
<b>II. ASSETS</b>				
<b>1. Non-current assets</b>				
<b>(a) Fixed assets</b>				
(i) Tangible Assets	1,741.28	1,770.61	1,732.15	1,711.63
(ii) Capital Work in Progress	351.29	351.29	-	-
(iii) Intangible assets	-	-	-	-
(iv) Intangible asset under development	-	-	-	-
(c) Non-Current Investments	1.93	1.93	1.93	-
(d) Long Terms Loans and Advances	-	-	-	-
(e) Other Non-Current Assets	583.86	521.15	154.89	-
<b>Sub-Total</b>	<b>2,678.36</b>	<b>2,644.98</b>	<b>1,888.97</b>	<b>1,711.63</b>
<b>2. Current assets</b>				
(a) Current investments	-	-	-	-
(b) Inventories	1,936.92	1,961.16	1,026.70	359.31
(c) Trade receivables	1,687.62	1,465.44	1,848.02	805.38
(d) Cash and cash equivalents	60.82	29.51	6.98	14.64
(e) Short-term loans and advances	189.68	191.90	189.22	43.50
<b>Sub-Total</b>	<b>3,875.02</b>	<b>3,648.01</b>	<b>3,070.92</b>	<b>1,222.82</b>
<b>Total</b>	<b>6,553.38</b>	<b>6,292.99</b>	<b>4,959.89</b>	<b>2,934.45</b>



RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

ANNEXURE-II  
(Amount in Lakhs)

Particulars	For the Period ending on June 30, 2018	For the year ending on March 31, 2018	For the year ending on March 31, 2017	For the year ending on March 31, 2016
I. Revenue from operations	854.89	3,947.88	2,934.13	1,615.92
II. Other income	4.46	28.19	4.81	1.78
<b>III. Total Revenue (I + II)</b>	<b>859.35</b>	<b>3,976.07</b>	<b>2,938.94</b>	<b>1,617.70</b>
Cost of materials consumed	251.71	1,571.63	941.09	522.11
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	(11.39)	(372.73)	(74.30)	(35.97)
Employee benefits expense	115.35	422.89	333.76	171.34
Finance costs	32.87	147.87	214.35	147.81
Depreciation and amortization expense	30.30	128.05	119.06	115.12
Other expenses	192.70	810.91	452.96	323.55
<b>Total expenses</b>	<b>611.54</b>	<b>2,708.62</b>	<b>1,986.92</b>	<b>1,243.96</b>
<b>IV. Profit before exceptional and extraordinary items and tax (III-IV)</b>	<b>247.81</b>	<b>1,267.45</b>	<b>952.02</b>	<b>373.74</b>
V. Exceptional items	-	-	-	-
<b>VI. Profit before extraordinary items and tax (V - VI)</b>	<b>247.81</b>	<b>1,267.45</b>	<b>952.02</b>	<b>373.74</b>
VII. Extraordinary Items-	-	-	-	18.85
<b>VIII. Profit before tax</b>	<b>247.81</b>	<b>1,267.45</b>	<b>952.02</b>	<b>354.90</b>
IX. Tax expense:	-	-	-	-
(1) Current tax	51.02	270.49	154.90	-
(2) MAT Credit Entitlement	(51.02)	(270.49)	(154.90)	-
(3) Deferred Tax Liability/(Asset)	2.00	(1.33)	(1.89)	0.69
4) Current tax expense relating to prior years	-	-	-	-
<b>X. Profit (Loss) for the period from continuing operations (VII-VIII)</b>	<b>245.81</b>	<b>1,268.78</b>	<b>953.91</b>	<b>354.21</b>
XI. Profit/(loss) from discontinuing operations	-	-	-	-
XII. Tax expense of discontinuing operations	-	-	-	-
<b>XIII. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIV. Profit (Loss) for the period (XI + XIV)</b>	<b>245.81</b>	<b>1,268.78</b>	<b>953.91</b>	<b>354.21</b>
XV Earnings per equity share:				
(1) Basic and Diluted EPS	1.82	9.75	9.06	5.48

RESTATED SUMMARY STATEMENT OF CASH FLOW

ANNEXURE-III  
(Amount in Lakhs)

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Cash Flow from Operating Activities</b>				
Restated Net profit Before Tax	247.81	1,267.45	952.02	354.90
Adjustments For:				
Depreciation	30.30	128.05	119.06	115.12
Provision of Gratuity	0.49	16.40	5.93	0.71
(Interest Received)	(0.38)	(0.98)	(1.16)	(0.13)
Interest and Finance Charges	32.87	147.87	214.35	147.81
<b>Operating Profit before working capital changes</b>	<b>311.09</b>	<b>1,558.78</b>	<b>1,290.20</b>	<b>618.40</b>
Adjustment For:				
Decrease/(Increase) in Inventories	24.24	(934.46)	(667.39)	(96.03)
Decrease/(Increase) in Trade receivables	(222.18)	382.59	(1,042.65)	(500.53)
Decrease/(Increase) in Other Non-Current Assets	(62.72)	(366.25)	(154.90)	34.30
Decrease/(Increase) in Short-term loans and advances	2.24	(2.68)	(145.72)	(12.16)
(Decrease)/Increase in Trade Payables	(0.95)	(423.38)	623.67	211.46
(Decrease)/Increase in Other Current Liabilities	(89.85)	(40.58)	187.36	23.54
(Decrease)/Increase in Short Term Provisions	138.26	355.68	138.29	25.52
Cash Generated from Operations	100.14	529.69	228.86	304.49
Amortisable Expenses	-	-	-	-
Taxes Paid	-	-	1.22	-
<b>Net Cash From /(Used In ) Operating Activities (A)</b>	<b>100.14</b>	<b>529.69</b>	<b>227.64</b>	<b>304.49</b>
<b>Cash Flow From Investing Activities</b>				
(Purchase) / Sale of Fixed Assets/ Capital Work In Progress	(0.96)	(517.80)	(139.57)	(0.32)
Decrease/(Increase) in Non-Current investments	-	-	(1.93)	-
Interest Received	0.38	0.98	1.16	0.13
<b>Net Cash From /(Used In ) Investing Activities (B)</b>	<b>(0.59)</b>	<b>(516.82)</b>	<b>(140.35)</b>	<b>(0.19)</b>
<b>Cash Flow From Financing Activities</b>				
Proceeds from Issue of Shares	-	56.90	250.00	-
Security Premium	-	108.10	170.00	-
Interest and Finance Charges	(32.87)	(147.87)	(214.35)	(147.81)
Proceeds / (Repayments) of Share Application Money	-	-	-	-
(Decrease)/Increase in Long Term Borrowing	(35.37)	(7.46)	(300.60)	(143.47)
<b>Net Cash From Financing Activities (c)</b>	<b>(68.24)</b>	<b>9.67</b>	<b>(94.96)</b>	<b>(291.28)</b>
Net Increase / (Decrease) in Cash (A)+(B)+(C)	31.31	22.54	(7.66)	13.02

<b>Particulars</b>	<b>As at June 30, 2018</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Cash and Cash equivalents at the beginning of the year	29.51	6.98	14.64	1.61
<b>Cash and Cash equivalents at the end of the year</b>	<b>60.82</b>	<b>29.51</b>	<b>6.98</b>	<b>14.64</b>

I. The Cash Flow statement has been prepared under Indirect method as per Accounting Standard-3 "Cash Flow Statements"

II. Figures in Brackets represent outflows

The above statement should be read with the Restated Statement of Assets and Liabilities, Statement of Profit and loss, Significant Accounting Policies and Notes to Accounts as appearing in Annexure I, II and IV (A) respectively.

## THE OFFER

The following table summarizes the Offer details:

Particulars	Details of Equity Shares
<b>Offer of Equity Shares by Our Company</b>	Offer of 42,12,000* Equity Shares of face value of Rs. 10/- each fully paid up of the Company for cash at a price of Rs. [●]/- per Equity share aggregating Rs. [●] Lakhs.
<i>Of Which:</i>	
<b>Fresh Issue<sup>(1)</sup></b>	22,12,000* Equity Shares of face value of Rs. 10/- each fully paid up of the Company for cash at a price of Rs. [●] /- per Equity share aggregating Rs. [●] Lakhs.
<b>Offer for sale<sup>(2)</sup></b>	20,00,000* Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at a price of Rs. [●]/- per Equity Share aggregating Rs. [●] lakhs.
<b>The Offer Consists of:</b>	
Market Maker Reservation Portion	2,11,200 Equity Shares of face value of Rs. 10/- each fully paid up of the Company for cash at a price of Rs. [●] /- per Equity share aggregating Rs. [●] Lakhs.
Net Offer to the Public	40,00,800 Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at a price of Rs. [●] /- per share aggregating Rs. [●] Lakhs.
<i>Of Which:</i>	
A) QIB Portion	No Equity shares shall be reserved for allocation to QIB**.
B) Retail Portion	20,00,400 Equity Shares of face value of Rs. 10/- each fully paid of the Company at a cash price of Rs. [●]/- per Equity share aggregating Rs. [●] Lakhs will be available for allocation to Investors up to Rs. 2.00 Lakhs.
C) Non-Institutional Portion	20,00,400 Equity Shares of face value of Rs. 10/- each fully paid of the Company for cash at price of [●]/- per Equity Share aggregating Rs. [●] lakhs will be available for allocation to investors above Rs. 2.00 Lakhs.
<b>Pre and Post Offer Equity Shares</b>	
Equity Shares outstanding prior to the Offer	1,35,01,430 Equity Shares of face value of Rs.10/- each
Equity Shares outstanding after the Offer	1,57,13,430 Equity Shares of face value of Rs.10/- each
<b>Use of proceeds of this Offer</b>	For further details please refer chapter titled “ <i>Objects of the Offer</i> ” beginning on page 93 of this Red Herring Prospectus for information on use of Offer Proceeds.

\*Number of shares may need to be adjusted for lot size upon determination of the Offer Price.

\*\*There are no equity Shares reserved for allocation to QIB category. However, QIBs can apply in the Non-Institutional Portion.

### **Notes:**

- The Offer has been authorized by the Board of Directors *vide* a resolution passed at its meeting held on August 05, 2018 and by the shareholders of our Company *vide* a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the Annual General Meeting held on September 20, 2018

2. The selling shareholders specifically confirm that the Offered Shares are eligible for being offered in the Offer for Sale in terms of the SEBI ICDR Regulations. the Offer for Sale has been authorized by the Selling Shareholders by way of consent letters, the details of which are as follows as follows:

<b>Sr. No.</b>	<b>Name of the Selling Shareholders</b>	<b>No. of Equity Shares Offered</b>	<b>Date of consent letter</b>
1)	Hitesh Patel	14,00,000	September 19, 2018
2)	Meenakshi Gupta	6,00,000	September 19, 2018

3. This Offer is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, as amended from time to time.
4. Allocation to investors in all categories, except the Retail Portion, shall be made on a proportionate basis subject to valid bids received at or above the Offer Price. The allocation to each Retail Individual Investor shall not be less than the minimum Bid Lot, and subject to availability of Equity Shares in the Retail Portion, the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. Also, pursuant to the SEBI ICDR Regulations in case if the Retail Individual Investors category is entitled to more than the allocated portion on proportionate basis, the Retail category shall be allotted that higher percentage.
5. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLM, Selling Shareholders and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.
6. The SEBI ICDR Regulations permit the issue of securities to the public through the Book Building Process, wherein not more than 50% of the Net Offer shall be allotted on a proportionate basis to QIBs. Further not less than 15 % of the Net Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35 % of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price. For further details, see “Offer Procedure” beginning on page 285 of this Red Herring Prospectus.

For further details please refer to section titled ‘*Offer Information*’ beginning on page 275 of this Red Herring Prospectus.

## GENERAL INFORMATION

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

For details of Incorporation, Change of Name and Registered Office of our Company, please refer to chapter titled 'Our History and Certain Other Corporate Matters' beginning on page 170 of this Red Herring Prospectus.

### REGISTERED AND CORPORATE OFFICE OF OUR COMPANY

#### Deccan Health Care Limited

247, 2nd floor, Dwarakapuri Colony,

Punjagutta, Hyderabad,

Telangana – 500082, India

Tel: +91 40 40144508

Email: [investors@deccanhealthcare.co.in](mailto:investors@deccanhealthcare.co.in)

Website: [www.deccanhealthcare.co.in](http://www.deccanhealthcare.co.in)

Corporate Identification Number: U72200TG1996PLC024351

### REGISTRAR OF COMPANIES

#### Registrar of Companies, Hyderabad

2ND Floor, Corporate Bhawan,

GSI Post, Tattiannaram Nagole, Bandlaguda

Hyderabad - 500 068

Website: [www.mca.gov.in](http://www.mca.gov.in)

### DESIGNATED STOCK EXCHANGE

#### BSE Limited

P. J. Towers, Dalal Street,

Fort, Mumbai- 400001,

Maharashtra, India

Website: [www.bseindia.com](http://www.bseindia.com)

### BOARD OF DIRECTORS OF OUR COMPANY

The following table sets out details regarding our Board as on the date of this Red Herring Prospectus:

Sr. No.	Name	Age (in Years)	DIN	Address	Designation
1.	Minto Purshotam Gupta	60	00843784	2B, Sunshine, Crescent, Road No. 4, Banjara Hills, Hyderabad – 500034	Managing Director
2.	Yezdi Jal Batliwala	75	03018605	686, Vevai Villa, Parsi Colony, Khareghat Road, Dadar, Mumbai – 400014	Chairman and Non-Executive Director

Sr. No.	Name	Age (in Years)	DIN	Address	Designation
3.	Hitesh Patel	43	02080625	3, 8/9, Kailash Nagar, M. G. Road, Ghatkopar, Mumbai – 400077, Maharashtra	Non-Executive Director
4.	Meenakshi Gupta	58	00574624	2B, Sunshine, Crescent, Road No. 4, Banjara Hills, Hyderabad – 500034	Whole Time Director
5.	Narendra Singh	64	03191356	E – 40, Vikram Colony, Ramghat Road, Civil Lines, Koll, Aligarh - 202001, Uttar Pradesh, India	Independent Director
6.	Savita Bhutani	48	07995252	2/3, M.S. Flats, Opp. U.P.S.C, Shahjahan Road, Nirman Bhawan, New Delhi, Central Delhi, Delhi – 110011, India	Independent Director

For further details of our Directors, please refer to the chapter titled “*Our Management*” beginning on page 174 of this Red Herring Prospectus.

#### **CHIEF FINANCIAL OFFICER**

**Uttam Kumar Singh**

**Deccan Health Care Limited**

247, 2nd floor, Dwarakapuri Colony,

Punjagutta, Hyderabad-500082,

Telangana, India

**Tel:** +91 40 40144508

**Email:** [cfo@deccanhealthcare.co.in](mailto:cfo@deccanhealthcare.co.in)

#### **COMPANY SECRETARY & COMPLIANCE OFFICER**

**Purnima Bhasin**

**Deccan Health Care Limited**

247, 2nd floor, Dwarakapuri Colony,

Punjagutta, Hyderabad-500082,

Telangana, India

**Tel:** +91 40 40144508

**Email:** [cs@deccanhealthcare.co.in](mailto:cs@deccanhealthcare.co.in)

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

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

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

## STATUTORY AUDITOR

**Keyur Shah & Co.,**  
**Chartered Accountant**  
303, Shitiratna, B/s Radisson Blu,  
Nr. Panchvati Circle, Ambawadi,  
Ahmedabad – 380006, Gujarat, India  
**Tel:** 079 48979595  
**Email:** [ca.keyurshah2015@gmail.com](mailto:ca.keyurshah2015@gmail.com)  
**Website:** [www.keyurshahca.com](http://www.keyurshahca.com)  
**Contact Person:** Keyur Shah  
**Firm Registration No:** 141173W  
**Membership No:** 153774  
**Peer Review Number:** 011267

M/s. Keyur Shah & Co., Chartered Accountants holds a peer review certificate dated July 30, 2018 issued by the Institute of Chartered Accountants of India.

## BOOK RUNNING LEAD MANAGER

**Pantomath Capital Advisors Private Limited**  
406-408, Keshava Premises, Behind Family Court,  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051, Maharashtra, India  
**Tel:** +91 22 6194 6700  
**Fax:** + 91 22 2659 8690  
**Email:** [ipo@pantomathgroup.com](mailto:ipo@pantomathgroup.com)  
**Website:** [www.pantomathgroup.com](http://www.pantomathgroup.com)  
**Contact Person:** Hardik Bhuta / Unmesh Zagade  
**SEBI Registration No:** INM000012110

## REGISTRAR TO THE OFFER & SHARE ESCROW AGENT

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

## LEGAL ADVISOR TO THE OFFER

**M V Kini, Law Firm**  
Kini House, 216/263, 1<sup>st</sup> Floor, Near Citi Bank,  
D. N. Road, Fort, Mumbai - 400 001, Maharashtra, India  
**Tel:** +91 22 22612527/28/29  
**Fax:** +91 22 22612530  
**E-mail:** [vidisha@mvkini.com](mailto:vidisha@mvkini.com)  
**Contact Person:** Vidisha Krishan  
**Website:** [www.mvkini.com](http://www.mvkini.com)



## **BANKER TO THE COMPANY**

### **Oriental Bank of Commerce**

MSME Cluster, Church Compound,  
Nainital Road, Haldwani – 263139, Uttarakhand

**Tel:** 05946 - 225022

**Fax:** NA

**Email:** [msme\\_7027@obc.co.in](mailto:msme_7027@obc.co.in)

**Website:** [www.obcindia.co.in](http://www.obcindia.co.in)

**Contact Person:** Jagjit Singh

## **PUBLIC OFFER BANK / BANKER TO THE OFFER / REFUND BANKER**

### **ICICI Bank Limited**

Capital Market Division,  
1<sup>st</sup> Floor, 122, Mistry Bhavan,  
Dinshaw Vachha Road, Backbay Reclamation,  
Churchgate, Mumbai – 400 020,  
Maharashtra, India

**Tel:** +91 22 2266818923

**Fax:** +91 22 22611138

**Email:** [shweta.surana@icicibank.com](mailto:shweta.surana@icicibank.com)

**Contact Person:** Shweta Surana

**Website:** [www.icicibank.com](http://www.icicibank.com)

**SEBI Registration Number:** INBI00000004

### **IndusInd Bank Limited**

IndusInd Bank, PNA House, 4th Floor  
Plot No 57 & 57/1, Road No. 17,  
Near SRL, MIDC, Andheri East  
Mumbai – 400 093, Maharashtra, India

**Tel :** +91 22 61069243

**Fax :** +91 22 61069315

**Email:** [suresh.esaki@indusind.com](mailto:suresh.esaki@indusind.com)

**Contact Person:** Suresh Esaki

**Website:** [www.indusind.com](http://www.indusind.com)

**SEBI Registration Number:** INBI00000002

## **SYNDICATE MEMBER**

### **Pantomath Stock Brokers Private Limited**

108, Madhava Premises, Behind Family Court,  
Bandra Kurla Complex, Bandra (East), Mumbai 400 051,  
Maharashtra, India

**Tel:** +91 22 42577000

**Fax:** +91 22 2659 8690

**Email:** [broking@pantomathgroup.com](mailto:broking@pantomathgroup.com)

**Website:** [www.pantomathgroup.com](http://www.pantomathgroup.com)

**Contact Person:** Mahavir Toshniwal

**SEBI Registration Number:** INZ000068338

## **DESIGNATED INTERMEDIARIES**

### **Self-Certified Syndicate Banks**

The lists of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount (ASBA) Process are provided on the website of SEBI on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>. For details on Designated Branches of SCSBs collecting the Bid Cum Application Forms, please refer to the above mentioned SEBI link.

### **Registered Brokers**

Bidders can submit Bid cum Application Forms in the Offer using the stock brokers network of the Stock Exchanges, i.e., through the Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and updated from time to time. For details on Registered Brokers, please refer <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>.

### **Registrar to Offer and Share Transfer Agents**

The list of the RTAs eligible to accept Bid cum Applications forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, are provided on the website of the SEBI on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes>, as updated from time to time.

### **Collecting Depository Participants**

The list of the CDPs eligible to accept Bid cum Application Forms at the Designated CDP Locations, including details such as name and contact details, are provided on the website of Stock Exchange. The list of branches of the SCSBs named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Designated Intermediaries will be available on the website of the SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) on <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes> and updated from time to time.

### **CREDIT RATING**

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

### **IPO GRADING**

Since the Offer is being made in terms of Chapter IX of the SEBI (ICDR) Regulations, 2018, there is no requirement of appointing an IPO Grading agency.

### **DEBENTURE TRUSTEE**

Since this is not a debenture issue, appointment of debenture trustee is not required.

### **MONITORING AGENCY**

As per regulation 262(1) of the SEBI ICDR Regulations, the requirement of Monitoring Agency is not mandatory if the Offer size, excluding the size of Offer For sale by selling shareholders, is below Rs. 10,000 Lakhs. Since the Offer size is only of Rs. [●] lakhs, our Company has not appointed any monitoring agency for this Offer. However, as per Section 177 of the Companies Act, 2013, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Offer.

### **APPRAISAL AGENCY**

Our Company has not appointed any appraising agency for appraisal of the Project.

### **INTER-SE ALLOCATION OF RESPONSIBILITIES**

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

### **EXPERT OPINION**

Except the report of the Auditor on statement of special tax benefits and report on restated financials for the period ended June 30, 2018 and financial year ended March 31, 2018, 2017 and 2016 as included in this Red Herring Prospectus, our Company has not obtained any expert opinion.

### **FILING OF OFFER DOCUMENT**

The Draft Red Herring Prospectus has not been filed with SEBI, nor has SEBI issued any observation on the Offer Document in terms of Regulation 246 of SEBI (ICDR), 2018. However, pursuant to sub regulation (5) of regulation 246, the copy of Draft Red Herring Prospectus has been furnished to the board in a soft copy. Pursuant to SEBI Circular Number SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018, a copy of the Red Herring Prospectus and Prospectus will be filed online through SEBI Intermediary Portal at <https://siportal.sebi.gov.in>. A copy of the Red Herring Prospectus and Prospectus along with the documents required to be filed under Section 32 of the Companies Act, 2013 will be delivered to the Registrar of

Company, Hyderabad, situated at 2ND Floor, Corporate Bhawan, GSI Post, Tattiannaram Nagole, Bandlaguda Hyderabad - 500 068.

## **BOOK BUILDING PROCESS**

Book building, with reference to the Issue, refers to the process of collection of Bids on the basis of the Red Herring Prospectus within the Price Band. The Price Band shall be determined by our Company in consultation with the BRLM in accordance with the Book Building Process, and advertised in all editions of a widely circulated English Newspaper, all editions of a widely circulated Hindi Newspaper and a widely circulated Telugu Newspaper, Telugu being the regional language of state where registered office of the Company is situated, at least two working days prior to the Bid/ Offer Opening date. The Offer Price shall be determined by our Company, in consultation with the BRLM in accordance with the Book Building Process after the Bid/Offer Closing Date. Principal parties involved in the Book Building Process are:-

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

The SEBI ICDR Regulations have permitted the Issue of securities to the public through the Book Building Process, wherein not more than 50% of the Net Offer shall be allotted on a proportionate basis to QIBs, of which 5 % shall be reserved for Mutual Funds. Further not less than 15 % of the Net Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35 % of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

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

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

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

For further details on the method and procedure for Bidding, please see section entitled “*Offer Procedure*” on page 285 of this Red Herring Prospectus.

**Illustration of Book Building and Price Discovery Process** (Investors should note that this example is solely for illustrative purposes and is not specific to the Issue) Bidders can bid at any price within the price band. For instance, assume a price band of Rs.20.00 to Rs.24.00 per equity share, Offer size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

<b>Bid Quantity</b>	<b>Bid Price (Rs.)</b>	<b>Cumulative Bid Quantity</b>	<b>Subscription</b>
---------------------	------------------------	--------------------------------	---------------------

500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

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

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

1. Check eligibility for making a Bid (see section titled “Offer Procedure” on page 285 of this Red Herring Prospectus);
2. Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
3. Ensure correctness of your PAN, DP ID and Client ID mentioned in the Bid cum Application Form. Based on these parameters, the Registrar to the Offer will obtain the Demographic Details of the Bidders from the Depositories.
4. Except for Bids on behalf of the Central or State Government officials, residents of Sikkim and the officials appointed by the courts, who may be exempt from specifying their PAN for transacting in the securities market, for Bids of all values ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. The exemption for Central or State Governments and officials appointed by the courts and for investors residing in Sikkim is subject to the Depository Participant’s verification of the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims
5. Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form;

#### **BID / OFFER PROGRAMME**

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

<b>Event</b>	<b>Indicative Date</b>
Bid/Offer Opening Date	Tuesday, December 18, 2018
Bid/Offer Closing Date	Thursday, December 20, 2018
Finalization of Basis of Allotment with the Designated Stock Exchange	Wednesday, December 26, 2018
Initiation of Refunds	On or before Thursday, December 27, 2018
Credit of Equity Shares to Demat Accounts of Allottees	On or before Friday, December 28, 2018
Commencement of trading of the Equity Shares on the Stock Exchange	On or before Monday, December 31, 2018

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

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

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

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

#### UNDERWRITER

Our Company and Book Running Lead Manager to the Offer hereby confirm that the Offer is 100% Underwritten. The underwriting agreement is dated November 19, 2018 and pursuant to the terms of the underwriting agreement; obligations of the underwriters are subject to certain conditions specified therein. The underwriters have indicated their intention to underwrite following number of specified securities being offered through this Offer.

Name and Address of the Underwriter	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rupees in Lakhs)	% of the Total Offer size Underwritten
<b>Pantomath Capital Advisors Private Limited</b> 406-408, Keshava Premises Co-Op Soc. Ltd., Behind Family Court, Bandra Kurla Complex, Bandra East Mumbai 400051 <b>Tel:</b> +91 22 61946700 <b>Fax:</b> + 91 22 26598690 <b>Email:</b> <a href="mailto:ipo@pantomathgroup.com">ipo@pantomathgroup.com</a> <b>Contact Person:</b> Hardik Bhuta <b>SEBI Registration Number:</b> INM000012110	42,12,000	[●]	100%
<b>Total</b>	42,12,000	[●]	100%

*\*Includes 2,11,200 Equity shares of the Market Maker Reservation Portion which are to be subscribed by the Market Maker in order to claim compliance with the requirements of Regulation 261 of the SEBI (ICDR) Regulations, 2018, as amended.*

In the opinion of the Board of Directors of the Company, the resources of the above mentioned underwriter are sufficient to enable them to discharge their respective underwriting obligations in full.

#### CHANGES IN AUDITORS DURING LAST THREE FINANCIAL YEARS

Except as mentioned below, there have been no changes in the Auditors in last three financial years preceding the date of this Red Herring Prospectus.

S.No.	Particulars of previous Auditor	Particulars of new Auditor	Effective Date	Reason
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1	<p><b>M/s. K Surendernath &amp; Co,</b> <b>Chartered Accountant</b> Flat No. 209, Prasanth Towers, Musheerabad, Hyderabad, India <b>Tel:</b> 040 2764 3045 <b>Email:</b> <a href="mailto:kalikirisarath@gmail.com">kalikirisarath@gmail.com</a> <b>Contact Person:</b> K Surendranath <b>Membership No.:</b> 007585 <b>Peer Review Number:</b> NA</p>	<p><b>Manisha Sharma &amp; Co.,</b> <b>Chartered Accountant</b> Block – B, House No. 16 S-IV, Cicon Appartments, Ramprastha Colony, Ramprastha – 201011, Uttar Pradesh. <b>Tel:</b> 09582098222 <b>Email:</b> <a href="mailto:Manishasharma5@yahoo.co.in">Manishasharma5@yahoo.co.in</a> <b>Contact Person:</b> Manisha Sharma <b>Membership No.:</b> 091468 <b>Firm Registration No:</b> 015656N <b>Peer Review Number:</b> NA</p>	October 17, 2016*	Resignation
2	<p><b>Manisha Sharma &amp; Co.,</b> <b>Chartered Accountant</b> Block – B, House No. 16 S-IV, Cicon Appartments, Ramprastha Colony, Ramprastha – 201011, Uttar Pradesh. <b>Tel:</b> 09582098222 <b>Email:</b> <a href="mailto:Manishasharma5@yahoo.co.in">Manishasharma5@yahoo.co.in</a> <b>Contact Person:</b> Manisha Sharma <b>Membership No.:</b> 091468 <b>Firm Registration No:</b> 015656N <b>Peer Review Number:</b> NA</p>	<p><b>M/s. S L R &amp; Associates,</b> <b>Chartered Accountants</b> D. No. 6-3-633/1, Sughra Manzil, Beside Kotak Mahindra Bank, Khairatabad, Hyderabad, Telangana – 500004, India <b>Tel No.:</b> +91 8125515296 <b>Fax No.:</b> NA <b>Email:</b> <a href="mailto:calakshmanb@gmail.com">calakshmanb@gmail.com</a> <b>Contact Person:</b> Bandaru Lakshmana Rao <b>Firm Registration No.:</b> 015874S <b>Membership No.:</b> 236473 <b>Peer Review Number:</b> NA</p>	June 25, 2018	Resignation
3	<p><b>M/s. S L R &amp; Associates,</b> <b>Chartered Accountants</b> D. No. 6-3-633/1, Sughra Manzil, Beside Kotak Mahindra Bank, Khairatabad, Hyderabad, Telangana – 500004, India <b>Tel No.:</b> +91 8125515296 <b>Fax No.:</b> NA <b>Email:</b> <a href="mailto:calakshmanb@gmail.com">calakshmanb@gmail.com</a> <b>Contact Person:</b> Bandaru Lakshmana Rao <b>Firm Registration No.:</b> 015874S <b>Membership No.:</b> 236473 <b>Peer Review Number:</b> NA</p>	<p><b>Keyur Shah &amp; Co.,</b> <b>Chartered Accountant</b> 303, Shitiratna, B/s Radisson Blu, Nr. Panchvati Circle, Ambawadi, Ahmedabad – 380006, Gujarat, India <b>Tel:</b> 079 48979595 <b>Email:</b> <a href="mailto:ca.keyurshah2015@gmail.com">ca.keyurshah2015@gmail.com</a> <b>Website:</b> <a href="http://www.keyurshahca.com">www.keyurshahca.com</a> <b>Contact Person:</b> Keyur Shah <b>Firm Registration No:</b> 141173W <b>Membership No:</b> 153774 <b>Peer Review Number:</b> 011267</p>	October 01, 2018	Resignation

\*Form ADT – 1 for the appointment of new auditor and ADT -3 for the resigning auditor has not been filed by Company.

#### DETAILS OF THE MARKET MAKING ARRANGEMENT

Our Company, Selling Shareholders and the Book Running Lead Manager have entered into an agreement dated November 19, 2018, with the following Market Maker, duly registered with BSE Limited to fulfil the obligations of Market Making.

**Pantomath Stock Brokers Private Limited**

108, Madhava Premises, Behind Family Court,  
Bandra Kurla Complex, Bandra (East), Mumbai 400 051,  
Maharashtra, India

**Tel:** +91 22 42577000

**Fax:** +91 22 2659 8690

**Email:** [broking@pantomathgroup.com](mailto:broking@pantomathgroup.com)

**Contact Person:** Mahavir Toshniwal

**SEBI Registration Number:** INZ000068338

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

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

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

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. The spread (difference between the sell and the buy quote) shall not be more than 10% or as specified by the stock exchange from time to time and the same shall be updated in Prospectus. Further, the Market Maker(s) shall inform the Exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The prices quoted by Market Maker shall be in compliance with the Market Maker Spread Requirements and other particulars as specified or as per the requirements of BSE Limited and SEBI from time to time.
3. The minimum depth of the quote shall be Rs. 1,00,000/-. However, the investors with holdings of value less than Rs. 1,00,000/- shall be allowed to Offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker. Based on the IPO price of [●]/- the minimum lot size is [●] Equity Shares thus minimum depth of the quote shall be Rs. [●]/- until the same, would be revised by BSE Limited.
4. After a period of three (3) months from the market making period, the Market Maker would be exempted to provide quote if the Shares of Market Maker in our Company reaches to 25% of Offer Size (including the 2,11,200 Equity Shares out to be allotted under this Offer). Any Equity Shares allotted to Market Maker under this Offer over and above 25% Equity Shares would not be taken in to consideration of computing the threshold of 25% of Offer Size. As soon as the Shares of Market Maker in our Company reduce to 24% of Offer Size, the Market Maker will resume providing 2-way quotes.
5. There shall be no exemption / threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, BSE Limited may intimate the same to SEBI after due verification.
6. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.

7. There would not be more than five Market Makers for the Company's Equity Shares at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors. At this stage, Pantomath Stock Brokers Private Limited is acting as the sole Market Maker.
8. On the first day of the listing, there will be pre-opening session (call auction) and there after the trading will happen as per the equity market hours. The circuits will apply from the first day of the listing on the discovered price during the pre-open call auction. The securities of the company will be placed in SPOS and would remain in Trade for Trade settlement for 10 days from the date of listing of Equity share on the Stock Exchange.
9. The shares of the company will be traded in continuous trading session from the time and day the company gets listed on SME Platform of BSE Limited and market maker will remain present as per the guidelines mentioned under BSE Limited and SEBI circulars.
10. Price Band and Spreads: SEBI Circular bearing reference no: CIR/MRD/DP/ 02/2012 dated January 20, 2012, has laid down that for Offer size up to Rs. 250 crores, the applicable price bands for the first day shall be:
  - i. In case equilibrium price is discovered in the Call Auction, the price band in the normal trading session shall be 5% of the equilibrium price.
  - ii. In case equilibrium price is not discovered in the Call Auction, the price band in the normal trading session shall be 5% of the Offer price.

Additionally, the trading shall take place in TFT segment for first 10 days from commencement of trading. The following spread will be applicable on the SME Exchange Platform.

No.	Market Price Slab (In Rs.)	Proposed spread (in % to sale price)
1	Upto 50	9
2	50 to 75	8
3	75 to 100	6
4	Above 100	5

11. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily / fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non-controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
12. The Market Maker shall have the right to terminate said arrangement by giving one month notice or on mutually acceptable terms to the Book Running Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Book Running Lead Manager to arrange for another Market Maker(s) in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 261 of the SEBI (ICDR) Regulations. Further the Company and the Book Running Lead Manager reserve the right to appoint other Market Maker(s) either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed 5 (five) or as specified by the relevant laws and regulations applicable at that particular point of time. The Market Making Agreement is available for inspection at our Registered Office from 11.00 a.m. to 5.00 p.m. on working days.



13. BSE Limited will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE Limited can impose any other margins as deemed necessary from time-to-time.
14. BSE Limited will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and / or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

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

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

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

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

16. All the above mentioned conditions and systems regarding the Market Making Arrangement are subject to change based on changes or additional regulations and guidelines from SEBI and Stock Exchange from time to time.

## CAPITAL STRUCTURE

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

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

Amount (Rs.in lakhs except share data)

No.	Particulars	Aggregate nominal value	Aggregate value at Issue Price
<b>A.</b>	<b>Authorised Share Capital</b>		
	1,80,00,000 Equity Shares of face value of Rs. 10/- each	1,800.00	
<b>B.</b>	<b>Issued, Subscribed and Paid-Up Share Capital before the Issue</b>		
	1,35,01,430 Equity Shares of face value of Rs. 10/- each	1,350.14	
<b>C.</b>	<b>Present Offer in terms of this Red Herring Prospectus</b>		
	Offer of 42,12,000 Equity Shares of face value of Rs.10 each at a price of Rs. [●]/- per Equity Share	421.20	[●]
	<b>Consisting of:</b>		
	<b>Fresh Issue</b> of 22,12,000 Equity Shares of face value of Rs. 10/- each at a price of Rs. [●]/- per Equity Share aggregating Rs. [●] lakhs <sup>(1)</sup>	221.20	[●]
	<b>Offer for Sale</b> of 20,00,000 Equity Shares of face value of Rs. 10/- each at a price of Rs. [●]/- per Equity Shares consisting of 14,00,000 Equity Shares by Hitesh Patel and 6,00,000 Equity Shares by Meenakshi Gupta <sup>(2)</sup> :-	200.00	[●]
	<b>Which comprises:</b>		
	i. <b>Market maker reservation portion</b> - 2,11,200 equity shares of face value of Rs. 10/- each at a price of Rs. [●] per Equity Share aggregating Rs. [●] lakhs	21.12	[●]
	ii. <b>Net Offer to Public</b> of 40,00,800 Equity Shares of face value of Rs. 10/- each at a price of Rs. [●] per Equity Share aggregating Rs. [●] lakhs	400.08	[●]
	<b>Of which:</b>		
	QIB Portion being not more than 50% of the Net Offer*	Nil	
	Non-Institutional Portion of not less than 15 % of the Net Offer aggregating 20,00,400 Equity Share	200.04	[●]
	Retail Portion of not less than 35 % of the Net Offer aggregating 20,00,400 Equity Shares	200.04	[●]
<b>D.</b>	<b>Issued, Subscribed and Paid-Up Share Capital after the Offer</b>		
	1,57,13,430 Equity Shares of face value of Rs. 10/- each	1,571.34	
<b>E.</b>	<b>Securities Premium Account</b>		
	Before the Offer		3,967.86

After the Offer	[●]
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\*There are no equity Shares reserved for allocation to QIB category. However, QIBs can apply in the Non-Institutional Portion.

<sup>(1)</sup> The Offer has been authorised by the Board of Directors of our Company vide a resolution passed at its meeting held on August 05, 2018 and by the shareholders of our company vide a Special Resolution passed at its Annual General meeting held on September 20, 2018 pursuant to Section 62(1)(c) of Companies Act, 2013.

<sup>(2)</sup> Hitesh Patel vide a consent letter dated September 19, 2018, conveyed his consent for inclusion of 14,00,000 equity shares in the Offer for Sale. Meenakshi Gupta vide a consent letter dated September 19, 2018, conveyed her intention for inclusion of 6,00,000 equity shares in the Offer for Sale.

The Equity Shares offered by the Selling Shareholders have been held for a period of more than one year prior to the date of filing of the Red Herring Prospectus and hence, are eligible for being offered for sale in the Offer.

The Company has only one class of share capital i.e. Equity Shares of face value of Rs. 10 each only. All Equity Shares issued are fully paid-up.

Our Company has no outstanding convertible instruments as on the date of this Red Herring Prospectus.

## NOTES TO THE CAPITAL STRUCTURE

### 1. Details of changes in authorised Share Capital:

Since the Incorporation of our Company, the authorized share capital of our Company has been altered in the manner set forth below:

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

Particulars of Change		Date of Shareholder s' Meeting	AGM / EGM
Increased / Reclassified From	Increased / Reclassified To		
and 1,00,000 Preference shares of Rs. 10 each	1,00,000 Preference shares of Rs. 10 each		
Rs. 1,50,00,000 consisting of 14,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each	Rs. 2,20,00,000 consisting of 21,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each	May 30, 2005	EGM
Rs. 2,20,00,000 consisting of 21,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each	Rs. 2,50,00,000 consisting of 24,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each	NA	NA
Rs. 2,50,00,000 consisting of 24,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each	Rs. 4,50,00,000 consisting of 44,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each	March 29, 2008	EGM
Rs. 4,50,00,000 consisting of 44,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each	Rs. 5,50,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each	May 31, 2008	EGM
Rs. 5,50,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 1,00,000 Preference shares of Rs. 10 each	Rs. 5,50,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 1,00,000 Compulsorily convertible preference shares of Rs. 10 each	June 20, 2009	EGM
Rs. 5,50,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 1,00,000 Compulsorily convertible preference shares of Rs. 10 each	Rs. 7,00,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 16,00,000 10% Compulsorily convertible cumulative participatory preference shares of Rs. 10 each	June 20, 2009	EGM
Rs. 7,00,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 16,00,000 10% Compulsorily convertible cumulative participatory preference shares of Rs. 10 each	Rs. 7,25,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 18,50,000 10% Compulsorily convertible cumulative participatory preference shares of Rs. 10 each	February 18, 2010	EGM
Rs. 7,25,00,000 consisting of 54,00,000 Equity shares of Rs. 10 each and 18,50,000 10% Compulsorily convertible cumulative participatory preference shares of Rs. 10 each	Rs. 9,75,00,000 consisting of 64,00,000 Equity shares of Rs. 10 each and 33,50,000 10% Compulsorily Convertible Cumulative Participatory preference shares of Rs. 10 each	March 29, 2010	EGM
Rs. 9,75,00,000 consisting of 64,00,000 Equity shares of Rs. 10 each and 33,50,000 10% Compulsorily Convertible Cumulative Participatory preference shares of Rs. 10 each	Rs. 11,55,00,000 consisting of 64,00,000 Equity shares of Rs. 10 each and 51,50,000 10% Compulsorily Convertible Cumulative Participatory preference shares of Rs. 10 each	October 25, 2010	EGM
Rs. 11,55,00,000 consisting of 64,00,000 Equity shares of Rs. 10 each and 51,50,000 10% Compulsorily Convertible	Rs. 11,55,00,000 consisting of 64,00,000 Equity shares of Rs. 10 each and 30,86,000 Series-A 10% Compulsorily convertible cumulative	October 25, 2010	EGM

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

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

Date of Allotment/ Fully Paid up	No. of Equity Shares allotted	Face value (Rs.)	Issue Price (Rs.)	Nature of consideration	Nature of Allotment	Cumulative no. of Equity Shares	Cumulative Paid-up Equity Share Capital (Rs.)
On Incorporation (June 14, 1996)	70	10	10	Cash	Subscription to MOA <sup>(1)</sup>	70	700
October 25, 1997	98,890	10	10	Cash	Further Allotment <sup>(2)</sup>	98,960	9,89,600
March 31, 1998	55,800	10	10	Cash	Further Allotment <sup>(3)</sup>	1,54,760	15,47,600
May 05, 1998	31,000	10	10	Cash	Further Allotment <sup>(4)</sup>	1,85,760	18,57,600
March 31, 1999	95,240	10	10	Cash	Further Allotment <sup>(5)</sup>	2,81,000	28,10,000
March 30, 2000	97,000	10	10	Cash	Further Allotment <sup>(6)</sup>	3,78,000	37,80,000
March 31, 2000	31,000	10	10	Cash	Further Allotment <sup>(7)</sup>	4,09,000	40,90,000
January 24, 2002	4,09,000	10	10	Other than Cash	Bonus Issue <sup>(8)</sup>	8,18,000	81,80,000
January 28, 2002	5,75,000	10	10	Cash	Further Allotment <sup>(9)</sup>	13,93,000	1,39,30,000
March 31, 2004	30,000	10	10	Cash	Further Allotment <sup>(10)</sup>	14,23,000	1,42,30,000

Date of Allotment/ Fully Paid up	No. of Equity Shares allotted	Face value (Rs.)	Issue Price (Rs.)	Nature of consideration	Nature of Allotment	Cumulative no. of Equity Shares	Cumulative Paid-up Equity Share Capital (Rs.)
March 30, 2005	6,45,000	10	10	Cash	Further Allotment <sup>(11)</sup>	20,68,000	2,06,80,000
January 30, 2008	2,00,000	10	10	Cash	Further Allotment <sup>(12)</sup>	22,68,000	2,26,80,000
February 28, 2008	60,000	10	17.50	Cash	Further Allotment <sup>(13)</sup>	23,28,000	2,32,80,000
March 03, 2008	8,000	10	35	Cash	Further Allotment <sup>(14)</sup>	23,36,000	2,33,60,000
March 31, 2008*	18,72,000	10	10	Cash	Further Allotment <sup>(15)</sup>	42,08,000	4,20,80,000
June 17, 2008	8,00,000	10	10	Cash	Further Allotment <sup>(16)</sup>	50,08,000	5,00,80,000
December 30, 2008	25,000	10	10	Cash	Further Allotment <sup>(17)</sup>	50,33,000	5,03,30,000
March 31, 2009	2,97,000	10	10	Cash	Further Allotment <sup>(18)</sup>	53,30,000	5,33,00,000
January 11, 2016	51,02,464	10	10	Other than Cash	Conversion of 10% Compulsorily convertible cumulative participatory preference shares <sup>(19)</sup>	1,04,32,464	10,43,24,640
March 18, 2017	25,00,000	10	16.80	Other than Cash	Conversion of Unsecured Loan <sup>(20)</sup>	1,29,32,464	12,93,24,640
February 05, 2018	5,68,966	10	29	Cash	Private Placement <sup>(21)</sup>	1,35,01,430	13,50,14,300

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

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

Sr. No.	Name of Allottees	No. of shares subscribed
1	P. Koteswara Rao	10
2	P. Ratna Sree	10
3	P. Chiranjeevi	10
4	Mohan Lal Gupta	10
5	Meenakshi Gupta	10
6	P. Hemalatha	10
7	P. Hemalatha	10
	<b>Total</b>	<b>70</b>

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

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

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

Sr. No.	Name of Allottees	No. of shares Allotted
1	Mohan Lal Gupta	20,000
2	Meenakshi Gupta	35,800
	<b>Total</b>	<b>55,800</b>

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

Sr. No.	Name of Allottees	No. of shares Allotted
1	P. Koteswara Rao	11,000
2	P. Chiranjeevi	10,000
3	P. Ratna Sree	10,000
	<b>Total</b>	<b>31,000</b>

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

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

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

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

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

Sr. No.	Name of Allottees	No. of shares Allotted
1	P. Koteswara Rao	6,920
2	P. Ratna Sree	9,680
3	P. Chiranjeevi	14,400
	<b>Total</b>	<b>31,000</b>

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

Sr. No.	Name of Allottees	No. of shares Allotted
1	P. Koteswara Rao	48,490

Sr. No.	Name of Allottees	No. of shares Allotted
2	P. Chiranjeevi	89,990
3	P. Ratna Sree	85,280
4	P. Hemalatha	10
5	P. Hemalatha	10
6	Meenakshi Gupta	35,810
7	Minto Purshotam Gupta	1,09,400
8	Mohan Lal Gupta	40,010
	<b>Total</b>	<b>4,09,000</b>

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

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

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

Sr. No.	Name of Allottees	No. of shares Allotted
1	Ananta Sastry	30,000
	<b>Total</b>	<b>30,000</b>

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

Sr. No.	Name of Allottees	No. of shares Allotted
1	P. Chiranjeevi	2,93,570
2	Minto Purshotam Gupta	3,51,430
	<b>Total</b>	<b>6,45,000</b>

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

Sr. No.	Name of Allottees	No. of shares Allotted
1	Mintokashi Associates and Investments Private Limited	90,000
2	Meenakshi Gupta	1,10,000
	<b>Total</b>	<b>2,00,000</b>

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

Sr. No.	Name of Allottees	No. of shares Allotted
1	Swaminathan Natarajan	60,000
	<b>Total</b>	<b>60,000</b>

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



Sr. No.	Name of Allottees	No. of shares Allotted
1	D. Prabhakar	5,000
2	Vasuki Palaniappan	3,000
	<b>Total</b>	<b>8,000</b>

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

Sr. No.	Name of Allottees	No. of shares Allotted
1	P. Chiranjeevi	9,36,000
2	Minto Purshotam Gupta	9,36,000
	<b>Total</b>	<b>18,72,000</b>

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

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

Sr. No.	Name of Allottees	No. of shares Allotted
1	Hitesh Patel	5,30,000
2	Dimple Patel	50,000
3	Bhavna Patel	1,00,000
4	Vijaya Patel	1,20,000
	<b>Total</b>	<b>8,00,000</b>

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

Sr. No.	Name of Allottees	No. of shares Allotted
1	Vasu Kumar	20,000
2	M V Ramnamurthy	5,000
	<b>Total</b>	<b>25,000</b>

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

Sr. No.	Name of Allottees	No. of shares Allotted
1	V Kondal Reddy	5,000
2	Meenakshi Gupta	2,92,000
	<b>Total</b>	<b>2,97,000</b>

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

Sr. No.	Name of Allottees	No. of shares Allotted
1	Hitesh Patel	51,02,464
	<b>Total</b>	<b>51,02,464</b>

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

Sr. No.	Name of Allottees	No. of shares Allotted
1	Minto Purshotam Gupta	3,57,143
2	Meenakshi Gupta	21,42,857
	<b>Total</b>	<b>25,00,000</b>

- 21) Private Placement of 5,68,966 Equity Shares of face value of Rs. 10 each fully paid at a premium of Rs. 19.00 per share on February 05, 2018 as per the details given below:

Sr. No.	Name of Allottees	No. of shares Allotted
1	Kent RO Systems Limited	5,00,000
2	Valuworth Capital Management Private Limited	25,000
3	Chandra Prakash Manocha	43,966
	<b>Total</b>	<b>5,68,966</b>

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

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

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

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

Sr. No.	Name of Allottee	No. of shares Allotted
1	Nexus India Direct Investment – II	8,88,100
	<b>Total</b>	<b>8,88,100</b>

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

Sr. No.	Name of Allottee	No. of shares Allotted
1	Nexus India Direct Investment – II	8,88,100
	<b>Total</b>	<b>8,88,100</b>

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

Sr. No.	Name of Allottee	No. of shares Allotted
1	Nexus India Direct Investment – II	13,09,600
	<b>Total</b>	<b>13,09,600</b>

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

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

Sr. No.	Name of Allottee	No. of shares Allotted
	<b>Total</b>	<b>20,16,664</b>

4. Except as mentioned below, our Company has not issued any Equity Shares for consideration other than cash.

Date of Allotment/ Fully paid-up	No. of Equity Shares allotted	Face value (Rs.)	Issue Price (Rs.)	Reasons for allotment	Benefits accrued to our Company	Allottees	No. of Shares allotted
January 24, 2002	4,09,000	10	Nil	Bonus Issue	Capitalisation of Reserves	P. Koteswara Rao	48,490
						P. Chiranjeevi	89,990
						P. Ratna Sree	85,280
						P. Hemalatha	10
						P. Hemalatha	10
						Meenakshi Gupta	35,810
						Minto Purshotam Gupta	1,09,400
						Mohan Lal Gupta	40,010
January 11, 2016	51,02,464	10	10	Conversion of 10% Compulsorily Convertible Participatory Preference Shares	Preference shares converted into Fixed capital	Hitesh Patel	51,02,464
March 18, 2017	25,00,000	10	16.80	Conversion of Unsecured Loan	Debt is converted into Fixed Capital	Minto Purshotam Gupta	3,57,143
						Meenakshi Gupta	21,42,857

5. As on the date of this Red Herring Prospectus, our Company has not allotted any Equity Shares pursuant to any scheme approved under sections 391-394 of the Companies Act, 1956 or sections 230-240 of the Companies Act, 2013.

6. Our Company has not issued any shares pursuant to an Employee Stock Option Scheme.

7. Our Company has not revalued its assets since incorporation and have not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.

8. Except as mentioned below, no shares have been issued at price below Offer Price within last one year from the date of this Red Herring Prospectus:-

Date of Allotment/ Fully paid-up	No. of Equity Shares / Preference Shares allotted	Face value (Rs.)	Issue Price (Rs.)	Reasons for allotment	Allottees	No. of Shares allotted	Promoter/ Promoter Group/ Public
February 05, 2018	5,68,966	10	29		Kent RO Systems Limited	5,00,000	Public

<b>Date of Allotment/ Fully paid-up</b>	<b>No. of Equity Shares / Preference Shares allotted</b>	<b>Face value (Rs.)</b>	<b>Issue Price (Rs.)</b>	<b>Reasons for allotment</b>	<b>Allottees</b>	<b>No. of Shares allotted</b>	<b>Promoter/ Promoter Group/ Public</b>
				Private Placements <sup>(21)</sup>	Valuworth Capital Management Private Limited	25,000	Public
					Chandra Prakash Manocha	43,966	Public

9. As on the date of this Red Herring Prospectus, our Company does not have any preference Share Capital.

## 10. Build-up of Promoters' shareholding, Promoters' contribution and lock-in

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

As on the date of this Red Herring Prospectus, our Promoters, Minto Purshotam Gupta and Hitesh Patel together hold 74,32,881\*\* Equity Shares of our Company which is 55.05 % of our pre-Offer paid-up capital. None of the Equity shares held by our promoters are subject to any pledge.

#### 1) Minto Purshotam Gupta

Date of Allotment / Transfer / when made fully paid up	No. of Equity Shares	Face value per Share (Rs.)	Issue / Acquisition / Transfer price (Rs.)*	Nature of consideration	Nature of Transactions	Pre-offer shareholding %	Post- offer shareholding %	Pledge
March 31, 1999	46,680	10	10	Cash	Further Allotment	0.35	0.30	No
March 31, 2000	62,720	10	10	Cash	Further Allotment	0.46	0.40	No
January 24, 2002	1,09,400	10	Nil	NA	Bonus Issue	0.81	0.70	No
January 28, 2002	1,81,020	10	10	Cash	Further Allotment	1.34	1.15	No
March 30, 2005	3,51,430	10	10	Cash	Further Allotment	2.60	2.24	No
September 04-September 05	(3,55,130)	10	10	Cash	Share Transfer	(2.63)	(2.26)	No
September 05-September 06	85,070	10	10	Cash	Share Transfer	0.63	0.54	No
March 31, 2008	9,36,000	10	10 (Refer Note)	Cash	Further Allotment	6.93	5.96	No
October 01, 2008	1,73,668	10	Not Available	Cash	Transfer	1.29	1.11	No
September 10-September 11	(7,000)	10	Not Available	Cash	Transfer	(0.05)	(0.04)	No
2014-15	1,66,666	10	0.01	Cash	Transfer	1.23	1.06	No
March 18, 2017	3,57,143	10	16.80	Other than cash	By way of conversion of unsecured loan	2.65	2.27	No
<b>Total</b>	<b>21,07,667</b>					<b>15.61</b>	<b>13.41</b>	

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

2) Hitesh Patel

Date of Allotment / Transfer / when made fully paid up	Type of Shares	No. of Shares	Face value per Share (Rs.)	Issue / Acquisition / Transfer price (Rs.)*	Nature of consideration	Nature of Transactions	Pre-issue shareholding %	Post- issue shareholding %	Pledge
June 17, 2008	Equity	5,30,000	10	10	Cash	Further Allotment	3.93	3.37	No
October 01, 2008	Equity	90,000	10	10	Cash	Transfer	0.67	0.57	No
April 30, 2010	Equity	2,77,250	10	10	Cash	Transfer	2.05	1.76	No
		2,22,750			Cash		1.65		
November 14, 2015	Preference	51,02,464	10	10	Cash	Transfer	-	-	No
January 11, 2016	Preference	(51,02,464)	10	10	Other than cash	Conversion of 10% Compulsory Convertible Cumulative Participatory Preference Shares	-	-	No
January 11, 2016	Equity	11,77,250	10	10	Other than cash	Conversion of 10% Compulsory Convertible Cumulative Participatory Preference Shares	8.72	7.49	No
		39,25,214			Other than cash		29.07	24.98	No
November 30, 2016	Equity	(1,00,000)	10	10	Cash	Transfer	(0.74)	(0.64)	No
June 19, 2017	Equity	(20,000)	10	50	Cash	Transfer	(0.15)	(0.13)	No
June 27, 2017	Equity	(40,000)	10	50	Cash	Transfer	(0.30)	(0.25)	No
June 28, 2017	Equity	(40,000)	10	50	Cash	Transfer	(0.30)	(0.25)	No
July 27, 2017	Equity	(30,000)	10	50	Cash	Transfer	(0.22)	(0.19)	No
August 07, 2017	Equity	(10,000)	10	80	Cash	Transfer	(0.07)	(0.06)	No
August 09, 2017	Equity	(1,10,000)	10	50	Cash	Transfer	(0.81)	(0.70)	No
August 11, 2017	Equity	(10,000)	10	50	Cash	Transfer	(0.07)	(0.06)	No
August 14, 2017	Equity	(5,000)	10	50	Cash	Transfer	(0.04)	(0.03)	No
August 16, 2017	Equity	(30,000)	10	30	Cash	Transfer	(0.22)	(0.19)	No
August 16, 2017	Equity	(1,000)	10	80	Cash	Transfer	(0.01)	(0.01)	No
August 16, 2017	Equity	(12,500)	10	55.38	Cash	Transfer	(0.09)	(0.08)	No
August 21, 2017	Equity	(20,000)	10	80	Cash	Transfer	(0.15)	(0.13)	No
August 21, 2017	Equity	(50,000)	10	50	Cash	Transfer	(0.37)	(0.32)	No
August 23, 2017	Equity	(30,000)	10	70	Cash	Transfer	(0.22)	(0.19)	No
August 23, 2017	Equity	(80,000)	10	50	Cash	Transfer	(0.59)	(0.51)	No
August 28, 2017	Equity	(15,000)	10	70	Cash	Transfer	(0.11)	(0.10)	No

Date of Allotment / Transfer / when made fully paid up	Type of Shares	No. of Shares	Face value per Share (Rs.)	Issue / Acquisition / Transfer price (Rs.)*	Nature of consideration	Nature of Transactions	Pre-issue shareholding %	Post- issue shareholding %	Pledge
August 28, 2017	Equity	(10,000)	10	50	Cash	Transfer	(0.07)	(0.06)	No
August 28, 2017	Equity	(68,750)	10	55.38	Cash	Transfer	(0.51)	(0.44)	No
August 29, 2017	Equity	(2,00,000)	10	25	Cash	Transfer	(1.48)	(1.27)	No
September 06, 2017	Equity	(15000)	10	70	Cash	Transfer	(0.11)	(0.10)	No
<b>Total</b>		<b>53,25,214</b>					<b>39.44%</b>	<b>(33.89)</b>	

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

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

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

Pursuant to Regulation 236 and 238 of SEBI ICDR Regulations, an aggregate of 20% of the post-offer capital held by our Promoters shall be considered as Promoter’s Contribution ("**Promoters Contribution**") and shall be locked-in for a period of three years from the date of allotment of equity shares issued pursuant to this offer. The lock-in of the Promoters’ Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

As on the date of this Red Herring Prospectus, our Promoters collectively hold 74,32,881 Equity Shares constituting 47.30 (Inclusive of shares offered by Hitesh Patel) % of the Post-offer issued, subscribed and paid-up Equity Share capital of our Company, which are eligible for the Promoters’ Contribution.

Our Promoters have given written consent to include such number of Equity Shares held by them and subscribed by them as a part of Promoters’ Contribution constituting 21.15 % of the post offer Equity Shares of our Company and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters Contribution, for a period of three years from the date of allotment in the offer.

<b>Date of Allotment/ transfer / made fully paid up</b>	<b>No. of Equity shares locked-in*</b>	<b>Face Value</b>	<b>Issue Price</b>	<b>Nature of transaction</b>	<b>% of Post Offer shareholding</b>	<b>Lock in Period</b>
<b>Minto Purshotam Gupta</b>						
March 30, 2005	3,44,430	10	10	Further Allotment	2.19	Three years
September 05 – September 06	85,070	10	10	Share Transfer	0.54	Three years
March 31, 2008	9,36,000	10	10	Further Allotment	5.96	Three years
October 01, 2008	1,73,668	10	Not Available	Transfer	1.11	Three years
2014-15	1,22,332	10	0.01	Transfer	0.78	Three years
<b>Hitesh Patel</b>						
January 11, 2016	16,61,500	10	10	Conversion of 10% Compulsory Convertible Cumulative Participatory Preference Shares	10.57	Three years
<b>Total</b>	<b>33,23,000</b>				<b>21.15</b>	

*\*Assuming full subscription to the Offer*

The Minimum Promoters’ Contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as ‘promoter’ under the SEBI ICDR Regulations. The Equity Shares that are being locked in are not ineligible for computation of Promoters’ Contribution in terms of Regulation 237 of the SEBI ICDR Regulations. In connection, we confirm the following:

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



- b) The minimum Promoters' contribution does not include Equity Shares acquired during the one year preceding the date of this Red Herring Prospectus at a price lower than the Offer Price;
- c) No equity shares have been issued to our promoter upon conversion of a partnership firm during the preceding one year at a price less than the Offer price.
- d) The Equity Shares held by the Promoters and offered for minimum Promoters' contribution are not subject to any pledge;
- e) All the Equity Shares of our Company held by the Promoters are dematerialized; and
- f) The Equity Shares offered for Promoter's contribution do not consist of Equity Shares for which specific written consent has not been obtained from the Promoter for inclusion of its subscription in the Promoter's contribution subject to lock-in.

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

Pursuant to regulation 238(b) and 239 of the SEBI (ICDR) Regulations, 2018, other than the above Equity Shares that are locked in for three years, the entire pre-offer Equity Share capital of our Company shall be locked-in for a period of one year from the date of allotment in the Public offer.

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

Pursuant to Regulation 242 of the SEBI ICDR Regulations, the locked-in Equity Shares held by the Promoters, as specified above, can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such scheduled commercial banks or public financial institution, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

Provided that securities locked in as Promoters' Contribution for 3 years under Regulation 242(a) of the SEBI ICDR Regulations may be pledged only if, in addition to fulfilling the above requirement, the loan has been granted by such scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Issue.

Provided that such lock-in shall continue pursuant to the invocation of the pledge and such transferee shall not be eligible to transfer the specified securities till the lock-in period stipulated in these regulations has expired.

The Equity Shares held by our Promoters which are locked-in may be transferred to and amongst the Promoter Group entities or to any new promoter or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Regulations, as applicable.

Further, pursuant to Regulation 243 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoters prior to the offer may be transferred to any other person holding the equity shares which are locked-in as per Regulation 239 of the SEBI ICDR Regulations, along with the equity shares proposed to be transferred, provided that lock-in on such equity shares will continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the lock-in period stipulated under the SEBI ICDR Regulations has ended and in compliance with the Takeover Code, as applicable.

We further confirm that our Promoters' Contribution of 21.15 % of the post offer Equity Share capital does not include any contribution from Alternative Investment Fund, foreign venture capital investors, scheduled commercial banks, public financial institutions or insurance companies registered with Insurance Regulatory and Development Authority of India.

- 2) There were no shares purchased/sold by the Promoters and Promoter Group, directors and their relatives during last six months.

### 3) Our Shareholding Pattern

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

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

Category	Category of Shareholder	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities*		No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities ( as a percentage of diluted share capital) As a % of (A+B+C2)	Number of Locked shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialized form***
								No of Voting Rights	Total as a % of (A+B+C)			No.(a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)	
I	II	III	IV	V	VI	VII = IV + V+ VI	VIII	IX		X	XI = VII + X	XII		XIII		XIV
A	Promoter and Promoter Group	5	1,00,60,214	-	-	1,00,60,214	74.51	1,00,60,214	74.51	-	74.51	-	-	-	-	1,00,60,214
B	Public	62	21,16,216	-	-	21,16,216	15.68	21,16,216	15.68	-	15.68	-	-	-	-	21,16,216
C	Non Promoter- Non Public	2	13,25,000	-	-	13,25,000	9.81	13,25,000	9.81	-	9.81	-	-	-	-	13,25,000
1	Shares underlying DRs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Shares held by Employee Trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<b>Total</b>	<b>69</b>	<b>1,35,01,430</b>	<b>-</b>	<b>-</b>	<b>1,35,01,430</b>	<b>100.00</b>	<b>1,35,01,430</b>	<b>100.00</b>	<b>-</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,35,01,430</b>

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

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

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

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

\*\*\* In terms of SEBI ICDR Regulations, 2018, our Company has ensured that the Equity Shares held by the Promoters / members of the Promoter Group have been duly dematerialised.

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

Sr. No.	Name of the Shareholders	Pre – Issue		Post – Issue	
		No. of Equity Shares	% of Pre-Issue Capital	No. of Equity Shares	% of Post-Issue Capital
(I)	(II)	(III)	(IV)	(V)	(VI)
	<b>Promoter</b>				
6.	Minto Purshotam Gupta	21,07,667	15.61	21,07,667	13.41
7.	Hitesh Patel	53,25,214	39.44	39,25,214	24.98
	<b>Sub total (A)</b>	<b>74,32,881</b>	<b>55.05</b>	<b>60,32,881</b>	<b>38.39</b>
	<b>Promoter Group</b>				
8.	Meenakshi Gupta	23,07,333	17.09	17,07,333	10.87
9.	Vipul Patel	1,20,000	0.89	1,20,000	0.76
10.	Bhavna Patel	2,00,000	1.48	2,00,000	1.27
	<b>Sub total (B)</b>	<b>26,27,333</b>	<b>19.46</b>	<b>20,27,333</b>	<b>12.90</b>
	<b>Total (A+B)</b>	<b>1,00,60,214</b>	<b>74.51</b>	<b>80,60,214</b>	<b>51.30</b>

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

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

12. The list of the shareholders of the company holding 1% or more of the paid up share capital aggregating 80% or more of the paid up share capital of the company:

i. as on the date of this Red Herring Prospectus:

Sr. No.	Name of Shareholders	Number of Equity Shares	% of the total Pre Offer Paid-up Share Capital
1.	Hitesh Patel	53,25,214	39.44%
2.	Meenakshi Gupta	23,07,333	17.09%
3.	Minto Purshotam Gupta	21,07,667	15.61%
4.	Kent RO Systems Limited	7,00,000	5.18%
5.	Value worth Capital Management Private Limited	6,25,000	4.63%
6.	Smita Shah	2,15,000	1.59%
7.	Bhavna Patel	2,00,000	1.48%
8.	Jayesh Shah	1,50,000	1.11%
9.	Gita Ambani	1,45,000	1.07%
	<b>Total</b>	<b>1,17,75,214</b>	<b>87.20%</b>

ii. ten days prior to the date of the Red Herring Prospectus:

Sr. No.	Name of Shareholders	Number of Equity Shares	% of the then existing Paid-up Share Capital
1.	Hitesh Patel	53,25,214	39.44%
2.	Meenakshi Gupta	23,07,333	17.09%
3.	Minto Purshotam Gupta	21,07,667	15.61%
4.	Kent RO Systems Limited	7,00,000	5.18%
5.	Value worth Capital Management Private Limited	6,25,000	4.63%
6.	Smita Shah	2,15,000	1.59%
7.	Bhavna Patel	2,00,000	1.48%
8.	Jayesh Shah	1,50,000	1.11%

9.	Gita Ambani	1,45,000	1.07%
	<b>Total</b>	<b>1,17,75,214</b>	<b>87.20%</b>

iii. One year prior to the date of the Red Herring Prospectus:

Sr. No.	Name of Shareholders	Number of Equity Shares	% of the then existing Paid-up Share Capital
1.	Hitesh Patel	53,25,214	41.18%
2.	Meenakshi Gupta	23,07,333	17.84%
3.	Minto Purshotam Gupta	21,07,667	16.30%
4.	Dimple Patel	4,07,853	3.15%
5.	Sankaranarayanan Sangameswaran & Deepa Sankaranarayanan	2,88,000	2.23%
6.	Smita Shah	2,15,000	1.66%
7.	Kent RO Systems Limited	2,00,000	1.55%
8.	Bhavna Patel	2,00,000	1.55%
9.	Jayesh Shah	1,50,000	1.16%
	<b>Total</b>	<b>1,12,01,067</b>	<b>86.62%</b>

iv. Two years prior to the date of the Red Herring Prospectus:

Sr. No.	Name of Shareholders	Number of Equity Shares	% of the then existing Paid-up Share Capital
1.	Hitesh Patel	62,22,464	59.65%
2.	P. Chiranjeevi	19,15,000	18.36%
3.	Minto Purshotam Gupta	17,50,524	16.78%
4.	Bhavna Patel	2,00,000	1.92%
5.	Meenakshi Gupta	1,64,476	1.58%
6.	Vipul Patel	1,20,000	1.15%
	<b>Total</b>	<b>1,03,72,464</b>	<b>99.44%</b>

14. Our Company has formulated “Deccan Health Care Employees Stock Option Scheme – 2010” but the same was not implemented. Presently, we do not have any ESOP/ESPS Scheme for employees.
15. Neither the Book Running Lead Manager viz. Pantomath Capital Advisors Private Limited, nor their associates hold any Equity Shares of our Company as on the date of this Red Herring Prospectus.
16. The BRLM, Syndicate Members and any persons related to the BRLM and Syndicate Members (other than Mutual Funds sponsored by entities related to the BRLM) cannot apply in the offer under the Anchor Investor Portion. However, the associates and affiliates of the BRLM and the Syndicate Members, if any, may subscribe the Equity Shares in the Offer, either in the Net QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.
17. There are no Equity Shares against which depository receipts have been issued.
18. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of the Red Herring Prospectus until the Equity Shares have been listed. Further, our Company does not intend to alter its capital structure within six months from the date of opening of the offer, by way of split / consolidation of the denomination of Equity Shares. However, our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the listing of equity shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as the Board may deem fit, if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.
19. None of the persons/entities comprising our Promoter Group, the directors of company which is our promoter or our Directors or their relatives or our Company have financed the purchase by any other person of securities of our Company other than in the normal course of the business of any such

entity/individual or otherwise during the period of six months immediately preceding the date of filing of this Red Herring Prospectus.

20. We shall ensure that transactions in Equity Shares by the Promoter and members of the Promoter Group, if any, between the date of filing the Draft Red Herring Prospectus and the Offer Closing Date shall be reported to the Stock Exchanges within 24 hours of such transactions being completed. The Selling Shareholders shall not transfer their Equity Shares during the period commencing from submission of the Draft Red Herring Prospectus with Stock Exchange until the final approval on Basis of Allotment has been obtained from the Stock Exchange for the Equity Shares Allotted/ to be Allotted pursuant to the Offer except for transfer the Equity Shares held by them to demat escrow account as mutually agreed between our Company, Selling Shareholder and the Book Running Lead Manager.
21. Our Company, our Directors and the Book Running Lead Manager have not entered into any buy back or standby or similar arrangements for the purchase of Equity Shares being offered through the offer from any person.
22. As on date of this Red Herring Prospectus there are no outstanding warrants, options or rights to convert debentures loans or other financial instruments into our Equity Shares.
23. All the Equity Shares of our Company are fully paid up as on the date of the Red Herring Prospectus. Further, since the entire offer price in respect of the Offer is payable on application, all the successful applicants will be issued fully paid-up equity shares and thus all shares offered through this offer shall be fully paid-up.
24. As per RBI regulations, OCBs are not allowed to participate in this Offer.
25. Our Company has not raised any bridge loans against the proceeds of the Offer.
26. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
27. Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.
28. An applicant cannot make an application for more than the number of Equity Shares being issued through this Offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors.
29. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this offer.
30. Our Company has 69 shareholders as on the date of filing of this Red Herring Prospectus
31. Except for the equity shares offered by our promoter(s), our Promoters and the members of our Promoter Group will not participate in this Offer.
32. Our Company has not made any public issue since its incorporation.
33. For the details of transactions by our Company with our Promoter Group, Group Companies during the period ended June 30, 2018 and financial years ended March 31, 2018, 2017 and 2016, please refer to paragraph titled *Details of Related Parties Transactions* as restated in the chapter titled *Financial Statements* as restated on page 200 of this Red Herring Prospectus.
34. None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, except as stated in the chapter titled *Our Management* beginning on page 174 of this Red Herring Prospectus.

## OBJECTS OF THE OFFER

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

### The Offer for Sale

The Selling Shareholders will be entitled to the proceeds from the Offer for Sale. Our Company will not receive any proceeds from the Offer for Sale. Except for the listing fees which shall be solely borne by our Company, all Offer expenses will be shared, upon successful completion of the Offer, between our Company and the Selling Shareholders on a pro-rata basis, in proportion to the Equity Shares issued and allotted by our Company in the Fresh Issue and the Offered Shares sold by the Selling Shareholders in the Offer for Sale, as mutually agreed and in accordance with applicable laws.

### The Fresh Issue

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

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

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

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

## OFFER PROCEEDS

The details of the offer proceeds are summarised below:

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

\* To be finalised upon determination of Offer Price.

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

## UTILISATION OF NET PROCEEDS

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

Sr. No.	Particulars	Amount (Rs in Lakhs)	Percentage of Net Proceeds
1.	Repayment/Prepayment of certain secured borrowings availed by our Company	794.88	[●]%
2.	Purchase of Plant & Machinery and related civil work	555.25	[●]%
3.	General Corporate Purposes	[●]	[●]%
	<b>Total</b>	<b>[●]</b>	<b>[●]%</b>

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

## SCHEDULE OF IMPLEMENTATION & DEPLOYMENT OF FUNDS:

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

(Rs. In lakhs)

Sr. No.	Activity	Amount to be funded from the Net Proceeds	Estimated Utilisation of Net Proceeds (Financial Year 2019)
1.	Repayment/prepayment of Secured Borrowings	794.88	794.88
2.	Purchase of Plant & Machinery and related civil work	555.25	555.25
3.	General Corporate Purposes	[●]	[●]

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

## FUND REQUIREMENTS

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

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

## MEANS OF FINANCE

The requirements of the objects of the Fresh Issue detailed above are intended to be funded entirely from the Proceeds of the Fresh Issue only. Accordingly there is no requirement to make firm arrangements of finance as per the Regulation 7(1)(e) of the SEBI ICDR Regulations, 2018.

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

### Details of the Objects:

#### **1. Repayment/ Prepayment of certain Borrowings availed by our Company:**

Our business is capital intensive and we avail majority of our fund requirements in the ordinary course of business from various banks, financial institutions and unsecured loans from related parties & others. For further details of the loans availed by our Company, please refer chapter titled "*Financial Indebtedness*" beginning on page 248 of this Red Herring Prospectus.

Our statutory auditor M/s. SLR & Associates, Chartered Accountants vide Certificate dated October 26, 2018 has certified that as on October 24, 2018 our company had Rs. 794.88 lakhs of secured loan outstanding from Oriental Bank of Commerce and the said loan has been utilised for the purpose for which it was taken. Our Company proposes to repay the said loan out of the Net Proceeds. We believe that such repayment/ pre-payment will help reduce our outstanding indebtedness. We believe that reducing our indebtedness will result in enhanced equity base, reduce our financial costs, improve our profitability and improve our leverage capacity.

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

Name of Lender	Amount Outstanding as on October 24, 2018 (in Lakhs)	Nature of facility	Rate of Interest (%)	Security	Tenure	Purpose	Utilisation	Repayment from the Net Proceeds of the Fresh Issue (in lakhs)
Oriental Bank of Commerce	794.88	Term Loan	13.00	Secured Loan*	72 Months	Capital Expenditure	For Plant & Machinery	794.88

\*For details regarding security against bank loan, please refer chapter titled "Financial Indebtedness" beginning on page 248 of the Red Herring Prospectus.

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

## 2. Purchase of Plant and Machinery and related Civil Work:

We propose to utilise Rs 555.25 lakhs towards purchase of Plant and Machinery for our business operations. Our Company intends to meet and adapt to the advanced technologies and use new or upgraded machinery for enhanced quality and precision in terms of servicing with increased efficiency. The said machineries will enable us to enhance our capacity utilisation also.

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

The Company has received quotations for purchase of plant and machinery. The projected Cost of Plant & Machineries is Rs. 555.25 lakhs as per the quotations from various parties. The list of Plant and Machineries to be acquired by the company is as under:-

S. No.	Description of Plant & Machinery and Civil Works	No. of Units	Name of Supplier	Date of Quotation	Quoted Cost in Foreign Currency per Unit	Quoted Cost (Rs. in Lakhs) per Unit*	GST Amount (Rs. in Lakhs) per Unit	Total Amount Per Unit	Total Amount (Rs. in Lakhs)**
1	Sugar Melting Tank - SS 304	1	Aradhya Industrial Equipments	May 05, 2018		1.30	0.23	1.53	1.53
2	Spreader Box Heater	1	Arbes Tools Private Limited	May 23, 2018		0.08	0.01	0.09	0.09
	Segment Heater	1		May 23, 2018		0.08	0.01	0.09	0.09
	Oil Roller Sleeves	1		May 23, 2018		0.30	0.05	0.35	0.35
3	Arbes Gelatin Recivers-300 KG	1		May 23, 2018		4.95	0.89	5.84	5.84
	Arbes Medicine Recivers-300 KG	1		May 23, 2018		4.95	0.89	5.84	5.84
	Softgel Drying Trays	500		May 23, 2018		0.03	0.01	0.04	20.00



S. No.	Description of Plant & Machinery and Civil Works	No. of Units	Name of Supplier	Date of Quotation	Quoted Cost in Foreign Currency per Unit	Quoted Cost (Rs. in Lakhs) per Unit*	GST Amount (Rs. in Lakhs) per Unit	Total Amount Per Unit	Total Amount (Rs. in Lakhs)**
	Trolley for Trays	10		May 23, 2018		0.18	0.03	0.21	2.10
4	Digital Thermo Hygrometer with clock & probe	25	Avi Scientific (Inida)	June 04, 2018		0.01	0.00	0.01	0.25
5	Gelatin Holding Tank 400 LTR	4	Bochang Co. Limited	May 21, 2018	USD 9000	6.60		6.60	26.40
	Medicine Holding Tank-60 LTR	2		May 21, 2018	USD 8000	5.87		5.87	11.74
	Trolley for Drying Tray	10		May 21, 2018	USD 300	0.22		0.22	2.20
6	Medicine Filling Pump Assembly (12MM Plunger)	2	Bochang Co. Limited	May 21, 2018	USD 19000	13.93		13.93	27.86
	Silicone band heater (3M)	2		May 21, 2018	USD 50	0.04		0.04	0.08
	Wedge Heater	1		May 21, 2018	USD 200	0.15		0.15	0.15
	Spreader Box Heater	2		May 21, 2018	USD 200	0.15		0.15	0.30
	Oil Pump	2		May 21, 2018	USD 300	0.22		0.22	0.44
	Oil Roller (Filter)	2		May 21, 2018	USD 350	0.26		0.26	0.52
	Stripper Roller Brush	2		May 21, 2018	USD 600	0.44		0.44	0.88
	Ribbon Thickness Gauge	3		May 21, 2018	USD 350	0.26		0.26	0.78
	Cam Bushing Bol, Bushing & Nut	20		May 21, 2018	USD 280	0.21		0.21	4.20
	06 Oval Die Roll (	1		May 21, 2018	USD 6000	4.40		4.40	4.40

S. No.	Description of Plant & Machinery and Civil Works	No. of Units	Name of Supplier	Date of Quotation	Quoted Cost in Foreign Currency per Unit	Quoted Cost (Rs. in Lakhs) per Unit*	GST Amount (Rs. in Lakhs) per Unit	Total Amount Per Unit	Total Amount (Rs. in Lakhs)**
	complete set )								
	12 Oval Die Roll ( complete set )	1		May 21, 2018	USD 6000	4.40		4.40	4.40
	18 Oblong Die Roll ( complete set )	1		May 21, 2018	USD 6000	4.40		4.40	4.40
	22 Oblong Die Roll ( complete set )	1		May 21, 2018	USD 6000	4.40		4.40	4.40
	Packing Cost	1		May 21, 2018	USD 12000	0.88		0.88	0.88
7	180 TR Water Cooled Chiller	1	Anurag Air Conditioning Private Limited	July 27, 2018		29.00	8.12	37.12	37.12
	Accessories Providing & fixing	1				81.38	14.65	96.03	96.03
	Electrical Works	NA				2.50	0.45	2.95	2.95
8	Automatic Four Head Capping Machine Change Part 300 ml	1	Chamunda Engg. Works	July 26, 2018		0.33	0.06	0.39	0.39
9	Sewage Treatment Plant of 15 KL	1	TQM Engineers and Consultants	August 10, 2018		9.66	1.74	11.40	11.40
10	Mini Fogging Machine	1	K. B. International	August 17, 2018		0.07	0.01	0.08	0.08
11	Almicro Digital Ph Meter	1	Kowa International	May 18, 2018		0.05	0.01	0.06	0.06
	Almicro Conductivity Meter	1		May 18, 2018		0.05	0.01	0.06	0.06
	Almicro Research Inclined	1		May 18, 2018		0.09	0.02	0.11	0.11

S. No.	Description of Plant & Machinery and Civil Works	No. of Units	Name of Supplier	Date of Quotation	Quoted Cost in Foreign Currency per Unit	Quoted Cost (Rs. in Lakhs) per Unit*	GST Amount (Rs. in Lakhs) per Unit	Total Amount Per Unit	Total Amount (Rs. in Lakhs)**
	Binocular Microscope								
	Almicro Laminar Air Flow S.S. Cabinet Size-3x2x2 Feet complete Stainless Steel	1		May 18, 2018		0.60	0.11	0.71	0.71
12	Blister Packing Machine Alu-Alu with additional accessories	1	Rapid Pack Engineering Private Limited	May 21, 2018		26.98	4.86	31.84	31.84
13	Stainless Steel Belt Conveyor	6	Ruhi Enterprises	July 07, 2018		0.55	0.10	0.65	3.89
14	Microbial Air Sampler	1	Swan Enviro-Analytical Private Limited	November 28, 2017		2.94	0.53	3.47	3.47
15	Civil Work	NA	Devbhumi Developers	August 16, 2018		237.03		NA	237.03
<b>Total Amount</b>									<b>555.25</b>

\*Quotations in US Dollars have been converted using exchange rate of Rs. 73.32 per USD i.e. closing exchange rate as on November 01, 2018.

#Foreign Currency Quotations are exclusive of any applicable taxes.

\*\*The total amount does not include any handling charges.

No second-hand machinery or material is proposed to be purchased out of the aforesaid objects.

We have not entered into any definitive agreements with the suppliers and there can be no assurance that the same suppliers would be engaged to eventually supply the machinery and material at the same costs. The quantity of the machinery and material to be purchased is based on the estimates of our management. Our Company shall have the flexibility to deploy the machinery and material according to the business requirements which are dynamic, which may evolve with the passage of time and based on the estimates of our management.

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

As on the date of the Red Herring Prospectus, our Company has not placed any order for the above Plant and Machinery.

### 3. General Corporate Purposes:

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

## OFFER RELATED EXPENSES

The total expenses of the Offer are estimated to be approximately Rs. [●] lakhs. The expenses of this Offer include, among others, underwriting and management fees, printing and distribution expenses, advertisement expenses, legal fees and listing fees. The estimated Offer expenses are as follows:

Expenses	Expenses (Rs in lakhs) <sup>1</sup>	Expenses (% of Total Offer expenses)	Expenses (% of Gross Offer Proceeds)
Fees payable to the Book Running Lead Manager (including Underwriting commission)	[●]	[●]	[●]
Advertising and marketing expenses	[●]	[●]	[●]
Fees payable to the Legal Advisors	[●]	[●]	[●]
Fees payable to the Registrar to the Offer	[●]	[●]	[●]
Fees payable to the to the Regulators including stock exchanges	[●]	[●]	[●]
Printing and distribution of offer stationary	[●]	[●]	[●]
Brokerage and selling commission payable to Syndicate <sup>2</sup>	[●]	[●]	[●]
Brokerage and selling commission payable to Registered Brokers <sup>3</sup>	[●]	[●]	[●]
Processing fees to SCSBs for ASBA Applications procured by the members of the Syndicate or Registered Brokers and submitted with the SCSBs <sup>4</sup>	[●]	[●]	[●]
Others (bankers to the Offer, auditor's fees etc.)	[●]	[●]	[●]
<b>Total estimated Offer expenses</b>	[●]	[●]	[●]

<sup>1</sup>Will be incorporated at the time of filing of the Prospectus.

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

<sup>2</sup>Selling commission payable to the members of the Syndicate, CDPs, RTA and SCSBs, on the portion for RIIs and NIIs, would be as follows:

Portion for RIIs 0.25% ^ (exclusive of GST)

Portion for NIIs 0.15% ^ (exclusive of GST)

^Percentage of the amounts received against the Equity Shares Allotted (i.e. the product of the number of Equity Shares Allotted and the Offer Price).

Further, the Members of Syndicate, RTAs and CDPs will be entitled to bidding charges of Rs. 10 (plus applicable GST) per valid ASBA Form. The terminal from which the Bid has been uploaded will be taken into account in order to determine the total bidding charges payable to the relevant RTA/CDP.

<sup>3</sup>Registered Brokers, will be entitled to a commission of Rs. 10 (plus GST) per Bid cum Application Form, on valid Bids, which are eligible for allotment, procured from RIIs and NIIs and submitted to the SCSB for processing. The terminal from which the bid has been uploaded will be taken into account in order to determine the total processing fees payable to the relevant Registered Broker.

<sup>4</sup>SCSBs would be entitled to a processing fee of Rs. 10 (plus GST) for processing the Bid cum Application Forms procured by the members of the Syndicate, Registered Brokers, RTAs or the CDPs and submitted to SCSBs.

#### **BRIDGE FINANCING**

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

#### **APPRAISAL BY APPRAISING AGENCY**

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

#### **INTERIM USE OF FUNDS**

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

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

#### **MONITORING UTILIZATION OF FUNDS**

As the size of the Fresh Issue does not exceed Rs. 10,000 lakhs, in terms of Regulation 262 of the SEBI ICDR Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Offer. Our Board and Audit Committee shall monitor the utilization of the Net Proceeds.

Pursuant to Regulation 32 of the Listing Regulations, our Company shall on a half yearly basis disclose to the Audit Committee the uses and application of the Net Proceeds. Until such time as any part of the Net Proceeds remains unutilized, our Company will disclose the utilization of the Net Proceeds under separate heads in our Company's balance sheet(s) clearly specifying the amount of and purpose for which Net Proceeds have been utilized so far, and details of amounts out of the Net Proceeds that have not been utilized so far, also indicating interim investments, if any, of such unutilized Net Proceeds. In the event that our Company is unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a Fiscal Year, we will utilize such unutilized amount in the next financial year. Further, in accordance with Regulation 32(1) (a) of the Listing Regulations our Company shall furnish to the Stock Exchanges on a half yearly basis, a statement indicating material deviations, if any, in the utilization of the Net Proceeds for the objects stated in this Red Herring Prospectus.

#### **VARIATION IN OBJECTS**

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

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

## **OTHER CONFIRMATIONS**

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

## BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholders in consultation with the Book Running Lead Manager on the basis of an assessment of market demand for the Equity Shares through the Book Building Process and on the basis of qualitative and quantitative factors as described below. The face value of the Equity Shares of our Company is Rs.10 each and the Offer Price is [●] times of the face value at the lower end of the Price Band and [●] times of the face value at the higher end of the Price Band. Investors should also refer “*Our Business*”, “*Risk Factors*” and “*Financial Statements as Restated*” beginning on pages 139, 28 and 200 respectively, of this Red Herring Prospectus, to have an informed view before making an investment decision.

### QUALITATIVE FACTORS

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

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

For further details, refer to heading “*Our Competitive Strengths*” under chapter titled “*Our Business*” beginning on page 139 of this Red Herring Prospectus.

### QUANTITATIVE FACTORS

The information presented below relating to the Company is based on the restated financial statements of the Company for the period ended June 30, 2018 and financial years ended March 31, 2018, 2017 and 2016 prepared in accordance with Indian GAAP, the Companies Act and Restated in accordance with SEBI ICDR Regulations. For details, refer chapter titled “*Financial Statements as Restated*” and “*Other Financial Information*” beginning on pages 200 and 230 of this Red Herring Prospectus. Some of the quantitative factors, which may form the basis for computing the Offer Price, are as follows:

#### 1. Basic and Diluted Earnings per Share (EPS):

Year/Period Ended	Basic & Diluted EPS (Rs.)	Weight
March 31, 2018	9.75	3
March 31, 2017	9.06	2
March 31, 2016	5.48	1
<b>Weighted Average</b>		<b>8.81</b>
<b>For the period ended June 30, 2018*</b>		<b>1.82</b>

\*Not Annualised

Notes:

1. *Weighted average number of Equity Shares are the number of Equity Shares outstanding at the beginning of the period/ year adjusted by the number of Equity Shares issued during the period/ year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period/ year. The figures disclosed above are based on the Restated Summary Financial Information of our Company.*
2. *The face value of each Equity Share is ₹ 10.*
3. *Basic EPS and Diluted EPS calculations are in accordance with Accounting Standard 20 (AS-20) 'Earnings per Share', notified under Section 133 of Companies Act, 2013 read together along with paragraph 7 of the Companies (Accounts) Rules, 2014.*
4. *Basic Earnings per share = Net profit/ (loss) after tax, as restated attributable to equity shareholders /Weighted average number of shares outstanding during the year/ period.*
5. *Diluted Earnings per share = Net profit after tax, as restated / Weighted average number of diluted equity shares outstanding during the year/ period.*

6. *Weighted average = Aggregate of year-wise weighted EPS divided by the aggregate of weights i.e. [(EPS x Weight) for each fiscal] / [Total of weights].*
7. *While arriving at the net profit after tax for the year ended March 31, 2016 for the purpose of calculating earnings per share above, extraordinary items have not been excluded as the same were expense items.*

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

Particulars	P/E at the lower end of the Price Band (no. of times)	P/E at the higher end of the Price Band (no. of times)
P/E ratio based on Basic & Diluted EPS for FY 2017-18	[●]	[●]
P/E ratio based on Weighted Average Basic & Diluted EPS	[●]	[●]
<b>Industry P/E Ratio*</b>		
Highest		36.52
Lowest		36.52
Average		36.52

*\*Industry composite comprises of Zydus Wellness Limited.*

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

Year/Period Ended	RoNW (%)	Weight
March 31, 2018	34.78	3
March 31, 2017	43.08	2
March 31, 2016	42.15	1
<b>Weighted Average</b>		<b>38.77</b>
<b>For the period ended June 30, 2018*</b>		<b>6.31</b>

*\*Not Annualised*

*Notes:*

1. *The RONW has been computed by dividing net profit after tax (excluding exceptional income, if any) as restated by net worth (excluding revaluation reserve, if any) as restated as at year/period end.*
2. *Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. [(RoNW x Weight) for each fiscal] / [Total of weights].*

**4. Minimum Return on Total Net Worth post Offer needed to maintain Pre Offer EPS for the year ended March 31, 2018:**

Particulars	(%)
<b>To maintain Pre Offer Basic &amp; Diluted EPS</b>	
At Cap price	[●]
At Floor price	[●]

**5. Net Asset Value (NAV) per share:**

Particulars	Amount Per Share
Net Asset Value per Equity Share as of June 30, 2018	28.84
Net Asset Value per Equity Share as of March 31, 2018	27.02
Net Asset Value per Equity Share after the Offer - At Cap Price	[●]
Net Asset Value per Equity Share after the Offer - At Floor Price	[●]
Offer Price per equity share	[●]

*Notes:*

1. *Net Asset Value per Equity Share has been computed as Net Worth divided by closing number of equity shares.*



2. Offer Price per equity share will be determined on conclusion of Book Building Process and will be updated in the final prospectus to be filed with the Registrar of Companies (ROC).

#### 6. Comparison with listed industry peers:

Companies	CMP*	Basic and Diluted EPS	PE Ratio	RONW (%)	NAV (per share)	Face Value (per share)	Total Income (Rs. in Lakhs)
Deccan Health Care Limited	[●]	9.75	[●]	34.78	27.02	10.00	3,976.07
<b>Peer Group**</b>							
Zydus Wellness Limited	1,250.60	34.24	36.52	19.36	176.90	10.00	29,242.00

\* CMP for our Company is considered as Offer Price

\*\*Source: [www.nseindia.com](http://www.nseindia.com)

Notes:

1. Considering the nature and size of business of the Company, the peer is not strictly comparable. However the same has been included for broad comparison.
2. The figures for Deccan Health Care Limited are based on the restated financial statements for the year ended March 31, 2018.
3. The figures for the peer are based on the standalone audited results for the year ended March 31, 2018.
4. Current Market Price (CMP) is the closing price of peer script as on December 07, 2018 on NSE. However, CMP for our Company is the Final Price that will be determined on completion of the Book Building Process and will be updated at the time of filing Final Prospectus with the ROC.
5. NAV per share is computed as the closing net worth divided by the closing outstanding number of paid up equity shares. Net worth has been computed as the aggregate of share capital and reserves and surplus (excluding Revaluation Reserve less miscellaneous expenditure not written off).
6. P/E Ratio has been computed based on the closing market price of peer group's equity shares on December 07, 2018 on NSE, as divided by the Basic EPS provided.
7. RoNW has been computed as net profit after tax divided by closing net worth. Net worth has been computed as the aggregate of share capital and reserves and surplus (excluding Revaluation Reserve less miscellaneous expenditure not written off).

Deccan Health Care Limited is a Book Built Offer and price band for the same shall be published 2 working days before opening of the Offer in English and Hindi National newspapers and one regional newspaper with wide circulation.

The Offer Price of Rs. [●] has been determined by our Company and the Selling Shareholders, in consultation with the Book Running Lead Manager on the basis of the demand from investors for the Equity Shares through the Book- Building Process and is justified in view of the above qualitative and quantitative factors. Investors should read the above mentioned information along with "Our Business" "Risk Factors" and "Financial Statements" beginning on pages 139, 28 and 200 of this Red Herring Prospectus, respectively, to have a more informed view. The trading price of the Equity Shares of our Company could decline due to the factors mentioned in "Risk Factors" or any other factors that may arise in the future and you may lose all or part of your investments.

## STATEMENT OF SPECIAL TAX BENEFITS

### Independent Auditor's Report on Statement of Special Tax Benefits

To  
The Board of Directors,  
**Deccan Health Care Limited,**  
**247, 2<sup>nd</sup> Floor, Dwarakapuri Colony,**  
**Punjagutta, Hyderabad,**  
**Telangana, India.**

Dear Sir/Ma'am,

**Sub: Proposed Initial Public Offering (IPO) of the Equity Shares of Deccan Health Care Limited, (the "Company"), pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI Regulations") and the Companies Act, 2013, as amended (the "Act").**

1. This report is issued in accordance with the terms of our engagement letter dated October 09, 2018.
2. The accompanying Statement of Special Tax Benefits available to the Company and its Shareholders (hereinafter referred to as "the Statement") under the Income Tax Act, 1961 (read with Income Tax Rules, Circulars and Notifications) as amended by the Finance Act, 2018 (hereinafter referred to as the "Income Tax Regulations") and under the Goods And Service Tax Act, 2017 (read with Goods And Service Tax Rules, Circulars and Notifications) has been prepared by the management of the Company in connection with the proposed Offer, which we have initialed for identification purposes.

#### **Management's responsibility**

3. The preparation of this Statement as of the date of our report which is to be included in the Red Herring Prospectus (the "Offer Document") is the responsibility of the management of the Company and has been approved by the Board of Directors of the Company at its meeting held on November 14, 2018 for the purpose set out in paragraph 12 below. The management's responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances. The Management is also responsible for identifying and ensuring that the Company complies with the laws and regulations applicable to its activities.

#### **Auditor's responsibility**

4. Our work has been carried out in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' (Revised 2016) and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India.
5. Pursuant to the SEBI Regulations and the Act, it is our responsibility to report whether the Statement prepared by the Company, presents, in all material respects, the special tax benefits available as of November 14, 2018 to the Company and the shareholders of the Company, in accordance with the Income Tax Regulations as at the date of our report.
6. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act and the SEBI Regulations in connection with the Offering.
7. 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,' issued by the ICAI.

#### **Inherent Limitations**

8. We draw attention to the fact that the Statement includes certain inherent limitations that can influence the reliability of the information

9. Several of the benefits mentioned in the accompanying statement are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which may or may not be fulfilled. The benefits discussed in the accompanying statement are not exhaustive
10. The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue

Further, we give no assurance that the income tax authorities/ other indirect tax authorities/courts will concur with our views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

### **Opinion**

11. In our opinion, the Statement prepared by the Company presents, in all material respects, the special tax benefits available as of November 14, 2018, to the Company and the shareholders of the Company, in accordance with the Income Tax Regulations & other Indirect Tax Regulations as at the date of our report.

Considering the matter referred to in paragraph 5 above, we are unable to express any opinion or provide any assurance as to whether:

- (i) The Company or its shareholders will continue to obtain the benefits per the Statement in future; or
- (ii) The conditions prescribed for availing the benefits per the Statement have been/ would be met with.

### **Restriction on Use**

12. This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Offer Document, prepared in connection with the Offer to be filed by the Company with the SEBI and the concerned stock exchanges.

**For Keyur Shah & Co.**  
*Chartered Accountants*  
Firm's Registration No.: 141173W

Keyur Shah  
*Proprietor*  
Membership No.: 153774  
Date : November 14, 2018  
Ahmedabad

## ANNEXURE TO STATEMENT OF SPECIAL TAX BENEFITS

**AVAILABLE TO DECCAN HEALTH CARE LIMITED (THE “COMPANY”) AND ITS SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 (READ WITH INCOME TAX RULES, CIRCULARS, NOTIFICATIONS) AS AMENDED BY THE FINANCE ACT, 2018 (HEREINAFTER REFERRED TO AS THE “INCOME TAX REGULATIONS”) AND UNDER THE GOODS AND SERVICE TAX ACT, 2017 READ WITH GOODS AND RULES, CIRCULARS AND NOTIFICATION ISSUED THEREUNDER (HEREINAFTER REFERRED TO AS THE “INDIRECT TAX REGULATIONS”)**

**A) SPECIAL TAX BENEFITS TO THE COMPANY UNDER THE INCOME TAX REGULATIONS;**

As per section 80-IC of the Income Tax Act, 1961 the Company is entitled to deduction of 100% of the Profit and Gains from Business and Profession for the first 5 year commencing from the assessment year 2013-14 (i.e. financial year 2012-13). Thereafter, for the next 5 years, deduction will be available to the extent of 30% of Profit and Gains from Business and Profession.

**B) SPECIAL TAX BENEFITS TO THE COMPANY UNDER THE INDIRECT TAX REGULATIONS;**

The locality, where the factory unit of the Company is situated, being a notified area, enjoys certain benefits under various taxation laws (present and erstwhile) e.g. Excise Duty, VAT, etc. After implementation of the Goods and Service Tax w.e.f. July 01, 2017 by the Government of India, the Company registered the manufacturing facility under the SEZ unit category as done by other units in that locality to continuously avail the benefits available under erstwhile Central Excise Act, 1944 and State VAT Act. Although, no specific notification for the same has been issued by any authority under the new Goods and Service Tax Act, as was done under previous regime, however, in our opinion, the Company would be able to continuously avail the same nature of benefits under the new Goods and Service Tax regime as well.

**C) SPECIAL TAX BENEFITS TO THE SHAREHOLDERS UNDER INCOME TAX REGULATIONS AND INDIRECT TAX REGULATIONS;**

No special tax benefits are available to the shareholders of the Company under the Income Tax Regulations and Indirect Tax Regulations.

**Note:**

For the purpose of reporting here, we have not considered the general tax benefits available to the Company or shareholders under the Income Tax Regulations.

For and on behalf of the Board of Directors of  
**Deccan Health Care Limited**

**Sd/-**

**Minto Purshotam Gupta**

*Managing Director*

Place: Hyderabad

Date: November 14, 2018

## SECTION V – ABOUT THE COMPANY

### OUR INDUSTRY

*The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Red Herring Prospectus, including the information contained in the sections titled “Risk Factors” and “Financial Statements” and related notes beginning on page 28 and 200 respectively of this Red Herring Prospectus before deciding to invest in our Equity Shares.*

#### **INTRODUCTION TO THE INDIAN NUTRACEUTICAL INDUSTRY**

The Indian Nutraceuticals market is expected to grow from \$ 4 Bn in 2015 to \$ 10 Bn in 2022. This represents a huge growth of 21% growth annually. Transformation in food habits, less physical work, more of desk jobs have made Indians more vulnerable to lifestyle ailments. The average urban & semi-urban Indian is becoming more conscious about health & fitness. This is providing a massive growth opportunity for Nutraceuticals in India. The entire category of Nutraceuticals is divided into Functional Foods, Functional Beverages & Dietary Supplements. Functional Food & Beverages account for around 35% of the market in India and will experience higher growth in India in the next few years to come.

India represents a huge and vast market for Nutraceuticals as almost every segment has a need for some form of Nutraceuticals. Some segments have a more pronounced need for Nutraceuticals among others

1. Growing children needs Functional food and beverage supplement to be able to perform well in academics and extra-curricular wellss
2. Younger Age-groups 15-25 & 25-35 are stronger targets either due to active lifestyle or specific needs
3. Pregnant and lactating mothers need to supplement their nutrition need
4. Ages 60+ group are specifically vulnerable to Diabetes, Bone related diseases and other ailments and needs special preventive protection through Nutraceuticals.

Functional food & beverages and Dietary supplements are the two key elements of Indian nutraceuticals market.

#### **INTRODUCTION TO THE INDIAN PHARMACEUTICAL INDUSTRY**

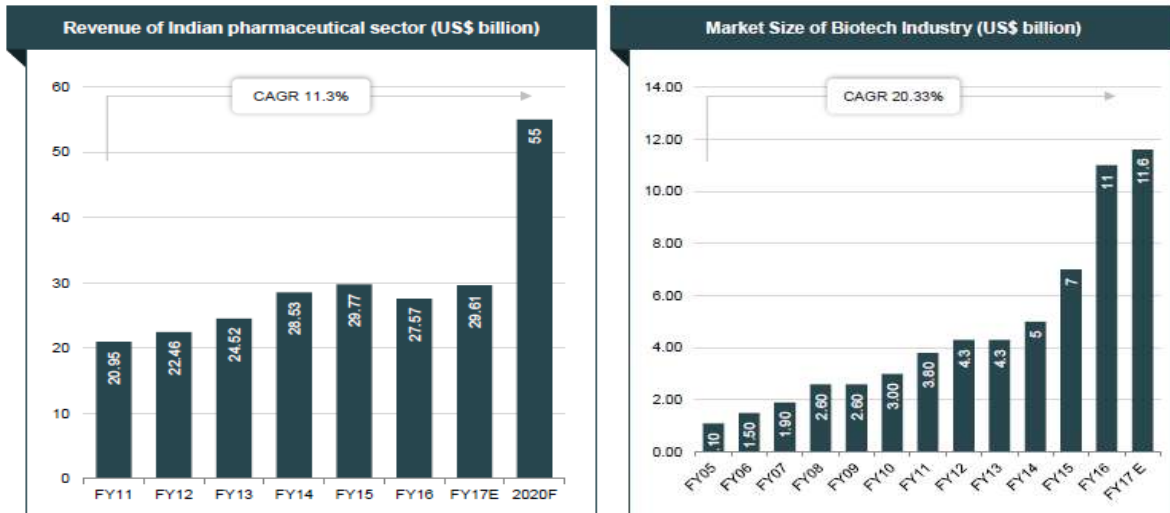
The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, and it accounts for 20 per cent in the volume terms and 1.4 per cent in value terms of the Global Pharmaceutical Industry as per a report by Equity Master. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

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

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

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

## STATISTICAL OVERVIEW OF THE INDIAN PHARMACEUTICAL INDUSTRY



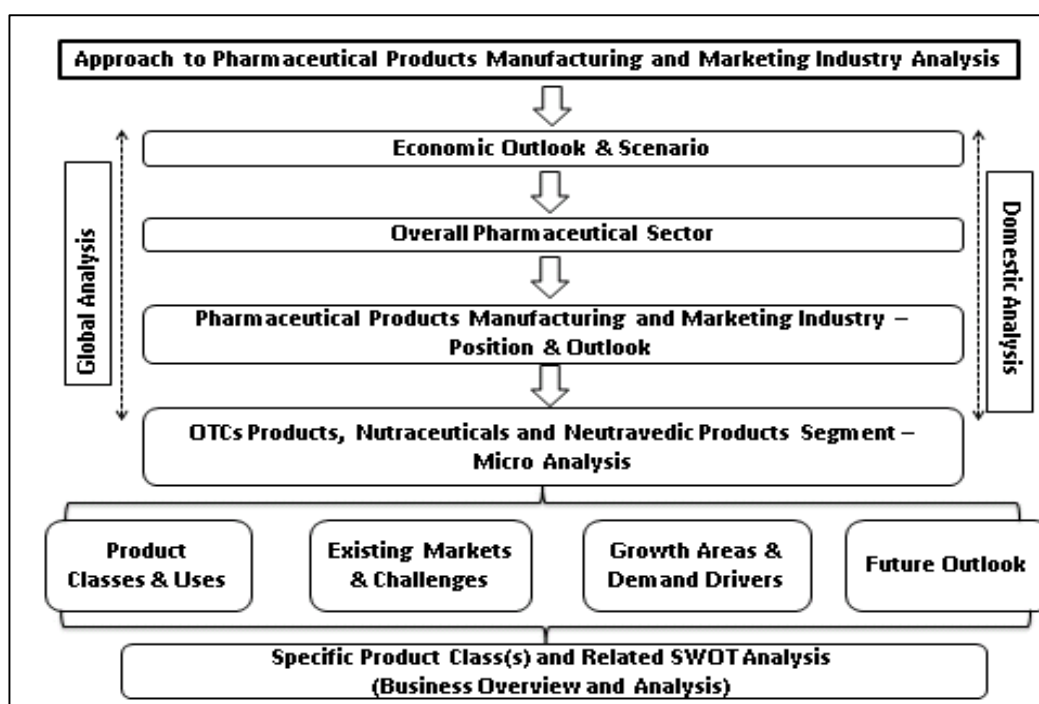
(Source: Indian Pharmaceuticals Industry Analysis -India Brand Equity Foundation- [www.ibeg.org](http://www.ibeg.org))

### APPROACH TO PHARMACEUTICAL INDUSTRY ANALYSIS

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

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

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



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

## **GLOBAL ECONOMIC OVERVIEW**

According to the International Monetary Fund (IMF), the global economy is experiencing a near-synchronous recovery, the most broad-based since 2010. In 2017, roughly three-quarters of countries experienced improvements in their growth rates, the highest share since 2010. The latest World Economic Outlook (WEO) of the IMF shows global GDP growth accelerated to around 3.6 percent in 2017 from 3.2 percent in 2016, and the forecast for 2018 has been upgraded by 0.2 percentage points to 3.9 percent. Although rebounding, global growth is still well below levels reached in the 2000s.

One reason why the recovery has spread around the globe is that world trade in goods and services has finally emerged from its torpor, registering 4.7 percent real volume growth in 2017 compared with 2.5 percent in 2016. Another reason is that commodity producers such as Russia, Brazil, and Saudi Arabia, which for the past few years been suffering from depressed prices, have benefitted from the upswing in demand. Commodity prices increased smartly in 2017, led by petroleum, whose price rose by 16 percent to reach \$61 per barrel by the end of the year.

Even as global growth and commodity prices have surged, inflation has remained remarkably quiescent, remaining below 2 percent in the main advanced regions. Consequently, monetary policies in the US, Eurozone and Japan have remained highly accommodative despite a strong recovery. These unusual settings—rapid growth, ultra-low interest rates—at a late stage in the economic cycle have produced the rarest of combinations: record-high high bond prices and stock market valuations, both at the same time. The consensus forecast calls for these conditions to be sustained in 2018, as companies respond to buoyant demand conditions by stepping up investment, some governments (such as the US) embark on expansionary fiscal policies, while advanced country monetary policies remain stimulative and world trade continues to grow briskly.

What are the risks? Of course, there are the usual geo-political and geo-economic risks: war in the Korean peninsula; political upheaval in the Middle East; aggressive output cuts by Saudi Arabia (and Russia) in advance of the planned listing of the Saudi Arabian oil company, Aramco, which could force oil prices even higher; a final reckoning from China's unprecedented credit surge in the form of capital controls, slowdown in growth, and a sharply depreciating currency with consequences for the global economy (Economic Survey, 2016-17, Chapter 1); and trade tensions that could lead to skirmishes, and then spiral out of control. But perhaps the main risks lie on the macro-finance front in advanced economies. These stem from three, inter-related, sources:

- Asset valuations (price-equity ratios) tend to revert to their mean. And the faster and higher they climb, especially so late in the economic cycle, the greater the risk of sharp corrections.
- Simultaneously high valuations of both bonds and equities tend to be briefly lived because they suffer from an acute tension: if future earnings and economic growth are so bright, justifying high equity prices, interest rates cannot be forever so low.
- And if interest rates rise—or if markets even sense that central banks will need to shift their stance—both bond and equity prices could correct sharply. A plausible scenario would be the following. The IMF is now forecasting that advanced country output gaps will close in 2018 for the first time since the Global Financial Crisis. As this occurs, wages would start rising, eating into profits (which would prick equity valuations); and as inflation rises in tandem, policy makers would be forced into raising rates, deflating bond valuations and further undermining share prices.

What would happen to growth if asset prices correct? Surely, the impact would be far smaller than it was in 2007-09, because advanced countries are far less vulnerable than they were a decade ago. In particular, the leverage tied to these assets is much lower, which would minimize contagious propagation; while banks are much better buffered, with higher levels of capital and core deposits, and lower levels of risky assets.

Even so, there would be some consequences. For one, a large decline in wealth would force advanced country consumers to cut back on their spending, which in turn would lead firms to curtail their investments. And if this happens, monetary and fiscal policies would have much less room for expansionary manoeuvre since interest rates are already low while government debts are high. And the

political implications of yet another decline in asset prices, the second in a decade, could also be significant, with effects that are difficult to imagine.

In sum, assessing future risks hinges on two calls: interest rate policy and asset valuations. On policy, extraordinarily low rates have, to paraphrase Paul Krugman, become “an obsession in search of a justification.” Initially justified by the dislocations caused by the Global Financial Crisis, then by large output gaps, they are now defended on the grounds that inflation remains weak, even as the slack in product and labor markets is disappearing rapidly. Will the gathering new evidence on closing output gaps and rising employment dispel that obsession?

On valuations, the prognosticator must navigate a narrow strait: steering clear of the “Cry of Wolf” trap (bond prices will finally, finally correct, having defied the prediction of correction in each of the last several years), without succumbing to the siren call of “This Time is Different” (stock valuations are sustainable this time because interest rates will remain at historic lows).

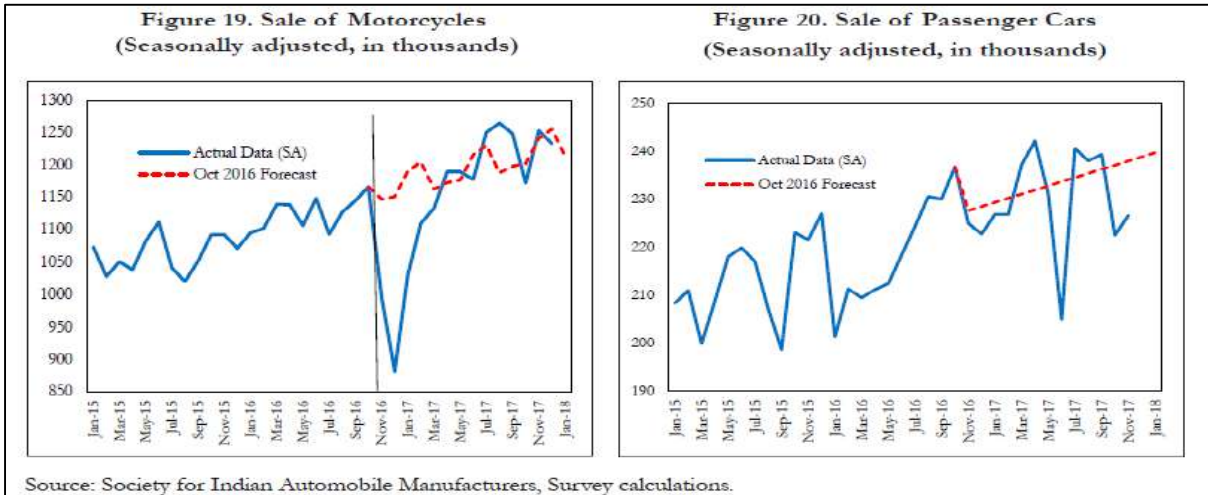
(Source: Economic Survey 2017-18 Volume 1 [www.indiabudget.nic.in](http://www.indiabudget.nic.in))

**OVERVIEW OF INDIA’S ECONOMIC PERFORMANCE IN 2017-18**

**Economic activity**

The key question going forward is whether the economy has troughed, and if so at what pace it will recover toward its medium term trend. High frequency indicators do suggest that a robust recovery is taking hold as reflected in a variety of indicators, including overall GVA, manufacturing GVA, the IIP, gross capital formation (Figure 17) and exports.

Similarly, real non-food credit growth has rebounded to 4 percent in November 2017 on a year-on-year basis, while the squeeze on real credit to industry is abating (Figure 18). Moreover, the flow of nonbank resources to the corporate sector, such as bond market borrowing and lending by NBFCs, has increased by 43 percent (April-December 2017 compared to the same period a year ago), substituting in part for weak bank credit. Rural demand, proxied by motor cycle sales, and auto sales, while not yet back to its pre-demonetization trend, are recovering (Figures 19 and 20).

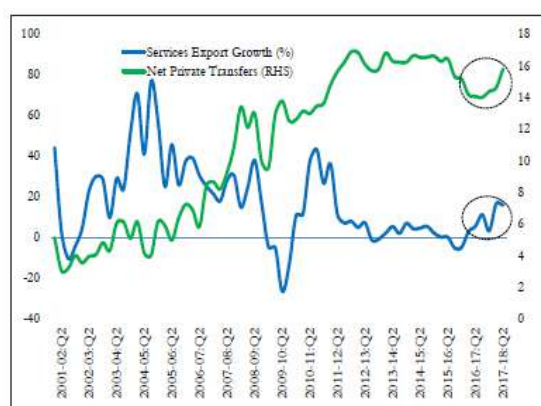


Perhaps most significantly, the behaviour of manufacturing exports and imports in the second and third quarters of this fiscal year has started to reverse. The re-acceleration of export growth to 13.6 percent in the third quarter of FY2018 and deceleration of import growth to 13.1 percent, in line with global trends, suggest that the demonetization and GST effects are receding. Services export and private remittances are also rebounding (Figure 21).

On demonetization specifically, the cash-to-GDP ratio has stabilized, suggesting a return to equilibrium. The evidence is that since about June 2017 the trend in currency is identical to that pre-demonetization (Figure 22). The stabilization also permits estimation of the impact of demonetization: about Rs. 2.8 lakh Crores less cash (1.8 percent of GDP) and about Rs. 3.8 lakh Crores less high denomination notes (2.5 percent of GDP).

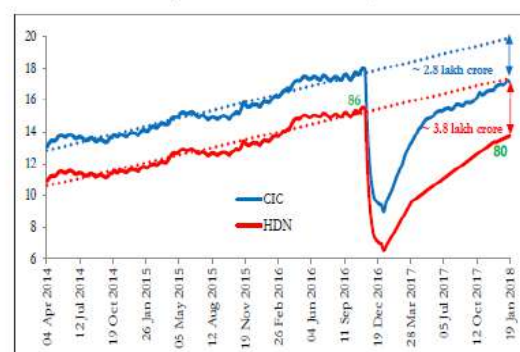


**Figure 21. Services Export Growth (percent) and Net Private Remittances (in US\$ billion)**



Source: RBI, Survey calculations.

**Figure 22. Currency in Circulation (CIC) and High Denomination Notes (HDN) (In Rs. lakh crore)**



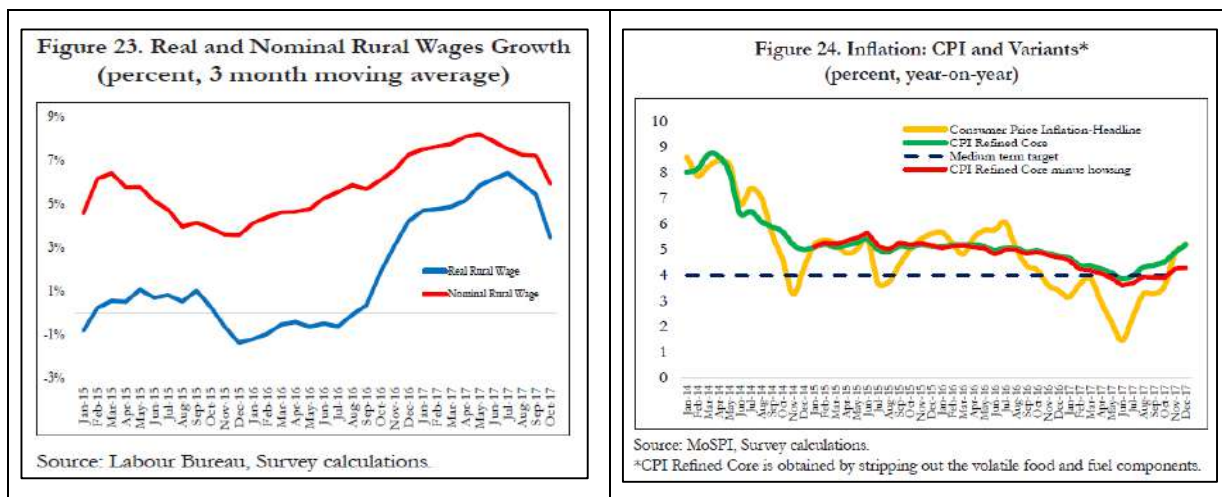
Source: RBI, Survey calculations; Numbers in green denote HDN as share of CIC.

A final, important factor explaining the growth recovery is fiscal, which is providing a boost to aggregate demand. For reasons related to smoothening the transition, GST revenues will only be collected for 11 months, which is akin to a tax cut for consumers. Meanwhile, overall revenue expenditure growth by the central and state governments remains strong at 11.7 percent (April to November). Cyclical conditions may also lead to lower tax and non-tax revenues, which act as an automatic stabilizer.

All this said, while the direction of the indicators is positive, their level remains below potential. IIP growth (April-November 2017 over same period in the previous year) is 3.2 percent, real credit growth to industry is still in negative territory, and the growth in world trade remains less than half its level of a decade ago. Moreover, even though the cost of equity has fallen to low levels, corporates have not raised commensurate amounts of capital, suggesting that their investment plans remain modest (Box 6). In other words, the twin engines that propelled the economy's take-off in the mid-2000s – exports and investment – are continuing to run below take-off speed.

Meanwhile, developments in the agriculture sector bear monitoring. The trend acceleration in rural wages (agriculture and non-agriculture), which had occurred through much of 2016 because of increased activity on the back of a strong monsoon, seems to have decelerated beginning just before the kharif season of 2017-18 (Figure 23) but it is still greater than much of the last three years. Three crop-specific developments are evident. Sowing has been lower in both kharif and rabi, reducing the demand for labor. The acreage for kharif and rabi for 2017-18 is estimated to have declined by 6.1 percent and 0.5 percent, respectively. Pulses and oilseeds have seen an increase in sowing, but this has translated into unusually low farmgate prices (below their minimum support price, MSP), again affecting farm revenues. The so-called TOP perishables (tomatoes, onions, and potatoes) have meanwhile fluctuated between high and low prices, engendering income uncertainty for farmers.

The CSO has forecast real GDP growth for 2017-18 at 6.5 percent. However, this estimate has not fully factored in the latest developments in the third quarter, especially the greater-than-CSO-forecast exports and government contributions to demand. Accordingly, real GDP growth for 2017-18 as a whole is expected to be close to 6 3/4 percent. Given real GDP growth of 6 percent in the first half, this implies that growth in the second half would rebound to 7.5 percent, aided by favourable base effects, especially in the fourth quarter.



Average CPI inflation for the first nine months has averaged 3.2 percent and is projected to reach 3.7 percent for the year as a whole. This implies average CPI inflation in the last quarter of 5 percent, in line with the RBI's forecast. Therefore, the GDP deflator is expected to grow by 3.6 percent for 2017-18, somewhat higher than the CSO's forecast of 2.8 percent. Consequentially, nominal GDP growth is estimated at 10.5 percent, compared with the CSO's 9.5 percent estimate.

### Macroeconomic indicators

After 13 months of continuously under-shooting the inflation target by an average of 130 basis points, headline inflation for the first time crossed the RBI's 4 percent target in November, posting a rate of 5.2 percent in December 2017 (Figure 24). The recent upswing in inflation stems from rising global oil prices (not all of which has been passed on to consumers), unseasonal increases in the prices of fruits and vegetables, and the 7th Pay Commission housing rent allowances, which mechanically increase inflation. Stripped of all these factors, underlying inflation has been increasing at a more modest pace, reaching 4.3 percent at end-December—in part because firms are passing the incidence of GST on to final consumers only gradually.

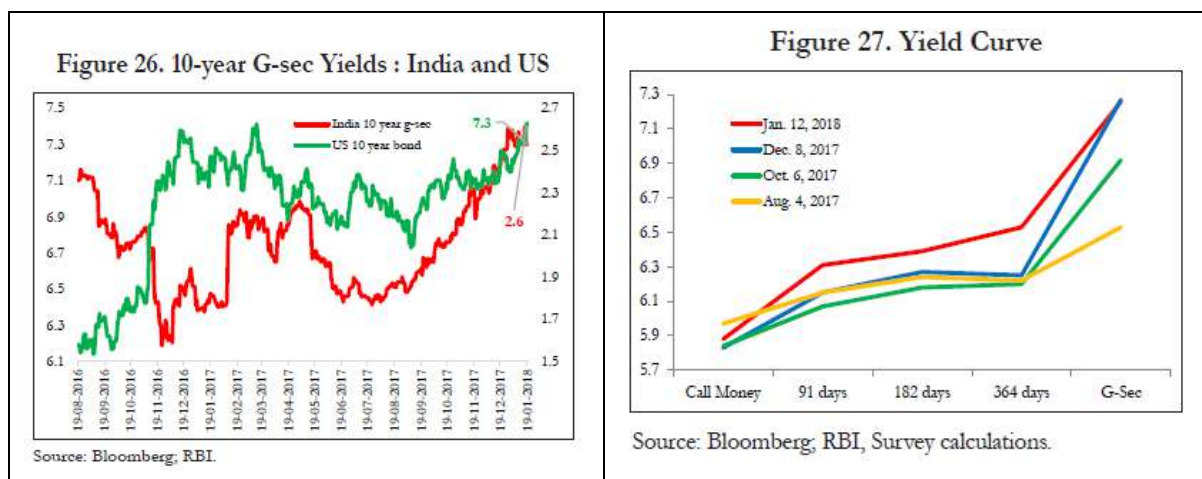
The current account deficit has also widened in 2017-18 and is expected to average about 1.5-2 percent of GDP for the year as a whole. The current account deficit can be split into a manufacturing trade deficit, an oil and gold deficit, a services deficit, and a remittances deficit (Figure 25). In the first half of 2017-18, the oil and gold balance has improved (smaller deficit of \$47 billion) but this has been offset by a higher trade deficit (\$18 billion) and a reduced services surplus (\$37 billion), the latter two reflecting a deterioration in the economy's competitiveness.

Despite these developments, the overall external position remains solid. The current account deficit is well below the 3 percent of GDP threshold beyond which vulnerability emerges. Meanwhile, foreign exchange reserves have reached a record level of about \$432 billion (spot and forward) at end-December 2017, well above prudent norms.

### Fiscal developments

Bond yields have increased sharply (Figure 26) since August 2017, reflecting a variety of factors, including concerns that the fiscal deficit might be greater-than-budgeted, expectations of higher inflation, a rebound in activity that would narrow the output gap, and expectations of rate increases in the US. As a result, the yield curve has become unusually steep (Figure 27).

The fiscal deficit for the first eight months of 2017-18 reached 112 percent of the total for the year, far above the 89 percent norm (average of last 5 years), largely because of a shortfall in non-tax revenue, reflecting reduced dividends from government agencies and enterprises. Expenditure also progressed at a fast pace, reflecting the advancing of the budget cycle by a month which gave considerable leeway to the spending agencies to plan in advance and start implementation early in the financial year. Partially offsetting these trends will be disinvestment receipts which are likely to exceed budget targets.



GST revenue collections are surprisingly robust given that these are early days of such a disruptive change (See Box 7). Government measures to curb black money and encourage tax formalization, including demonetization and the GST, have increased personal income tax collections substantially (excluding the securities transactions tax). From about 2 percent of GDP between 2013-14 and 2015-16, they are likely to rise to 2.3 percent of GDP in 2017-18, a historic high. Precise estimates of the government’s contribution to this improvement vary depending on the methodology used. An econometric exercise yields an estimate of Rs. 40,000 Crores over the two fiscal years of 2016-17 and 2017-18.3 Another based on comparing the difference in actual tax buoyancy in 2016-17 and 2017-18 over the previous seven-years’ average buoyancy, yields an estimate of about Rs. 65,000 Crores (both exclude the 25,000 Crores collected under the Income Disclosure Scheme and Pradhan Mantri Garib Kalyan Yojana). Thus, the sum of all government efforts increased income tax collections, thus far, between Rs. 65,000 and Rs. 90,000 Crores. These numbers imply a substantial increase in reported incomes (and hence in formalization) of about 1.5 percent to 2.3 percent of GDP.

As a result of the budget overruns, the central government’s fiscal deficit until November 2017 was Rs. 6.1 lakh crore compared to the budgeted Rs. 5.5 lakh crore. In contrast, state governments seem to be hewing closely to their targeted fiscal consolidation – in part because the centre has guaranteed them a large increase in their indirect tax take, as part of the GST agreement.

Reflecting largely fiscal developments at the centre, a pause in general government fiscal consolidation relative to 2016-17 cannot be ruled out. In addition, the measured deficit for 2017-18 will include Rs. 80,000 crore (0.5 percent of GDP) in capital provided to public sector banks. But this will not affect aggregate demand, as reflected in international accounting practice which deems such operations as financing (“below-the-line”) rather than expenditure.

In the case of borrowing by the states, markets have perhaps inadequately taken into account the fact that higher market borrowings by them does not reflect higher deficits; rather about Rs. 50,000 crore or 0.3 percent of GDP of market borrowings is due to changes in the composition of financing, away from higher cost NSSF borrowings toward lower cost market borrowings. This lack of strict correspondence between the deficit and borrowings at the central and state levels (Figure 28) is discussed in greater detail in Box 8. For general government, about Rs. 40,000 Crores represents greater market borrowings that is not due to deficits—a fact which markets apparently have not internalized.

Another factor contributing to the rise in bond yields has been stepped-up Open Market Operations (OMO) by the RBI. This amounted to a net sale of about Rs. 90,000 Crores during April-December 2017-18 (compared to a net redemption of Rs. 1.1 lakh Crores during the same period in 2016-17) to sterilize the impact of foreign flows, themselves induced by high interest rates.

(Source: Economic Survey 2017-18 Volume 1 [www.indiabudget.nic.in](http://www.indiabudget.nic.in))

## OUTLOOK FOR 2018-19

The outlook for 2018-19 will be determined by economic policy in the run-up to the next national election. If macro-economic stability is kept under control, the ongoing reforms are stabilized, and the world economy remains buoyant as today, growth could start recovering towards its medium term economic potential of at least 8 percent.

Consider the components of demand that will influence the growth outlook. The acceleration of global growth should in principle provide a solid boost to export demand. Certainly, it has done so in the past, particularly in the mid-2000s when the booming global economy allowed India to increase its exports by more than 26 percent per annum. This time, the export response to world growth has been in line with the long-term average, but below the response in the mid-2000s. Perhaps it is only a matter of time until exports start to grow at a healthy rate. Remittances are already perking up, and may revive further due to higher oil prices.

Private investment seems poised to rebound, as many of the factors exerting a drag on growth over the past year finally ease off. Translating this potential into an actual investment rebound will depend on the resolution and recapitalization process. If this process moves ahead expeditiously, stressed firms will be put in the hands of stronger ownership, allowing them to resume spending. But if resolution is delayed, so too will the return of the private capex cycle. And if this occurs public investment will not be able to step into the breach, since it will be constrained by the need to maintain a modicum of fiscal consolidation to head off market anxieties.

Consumption demand, meanwhile, will encounter different tugs. On the positive side, it will be helped by the likely reduction in real interest rates in 2018-19 compared to the 2017-18 average. At the same time, average oil prices are forecast by the IMF to be about 12 percent higher in 2018-19, which will crimp real incomes and spending—assuming the increase is passed on into higher prices, rather than absorbed by the budget through excise tax reductions or by the oil marketing companies. And if higher oil prices requires tighter monetary policy to meet the inflation target, real interest rates could exert a drag on consumption.

Putting all these factors together, a pick-up in growth to between 7 and 7.5 percent in 2018-19 can be forecasted, re-instating India as the world's fastest growing major economy. This forecast is subject to upside potential and downside risks. The biggest source of upside potential will be exports. If the relationship between India's exports and world growth returns to that in the boom phase, and if world growth in 2018 is as projected by the IMF, then that could add another ½ percentage point to growth.

Another key determinant of growth will be the implementation of the IBC process. Here timeliness in resolution and acceptance of the IBC solutions must be a priority to kick-start private investment. The greater the delays in the early cases, the greater the risk that uncertainty will soon shroud the entire IBC process. It is also possible that expeditious resolution may require the government to provide more resources to PSBs, especially if the haircuts required are greater than previously expected, the ongoing process of asset quality recognition uncovers more stressed assets, and if new accounting standards are implemented.

Persistently high oil prices (at current levels) remain a key risk. They would affect inflation, the current account, the fiscal position and growth, and force macroeconomic policies to be tighter than otherwise. One eventuality to guard against is a classic emerging market “sudden stall” induced by sharp corrections to elevated stock prices. (Box 9 suggests that India's stock price surge is different from that in other countries but does not warrant sanguine-ness about its sustainability.) Savers, already smarting from reduced opportunities in the wake of demonetization, from depressed gold prices, and from lower nominal interest rates, would feel aggrieved, leading to calls for action. Stock price corrections could also trigger capital outflows, especially if monetary policy unwinds less hesitantly in advanced countries and if oil prices remain high. Policy might then have to respond with higher interest rates, which could choke off the nascent recovery. The classic emerging market dilemma of reconciling the trade-off between macro-stability and growth could then play itself out.

A key policy question will be the fiscal path for the coming year. Given the imperative of establishing credibility after this year, given the improved outlook for growth (and hence narrowing of the output gap), and given the resurgence of price pressures, fiscal policy should ideally have targeted a reasonable fiscal consolidation. However, setting overly ambitious targets for consolidation—especially in a pre-election year—based on optimistic forecasts that carry a high risk of not being realized will not garner credibility either. Pragmatically steering between these extremes would suggest the following: a modest consolidation that credibly signals a return to the path of gradual but steady fiscal deficit reductions.

Against this overall economic and political background, economic management will be challenging in the coming year. If the obvious pitfalls (such as fiscal expansion) are avoided and the looming risks are averted that would be no mean achievement.

(Source: Economic Survey 2017-18 Volume 1 [www.indiabudget.nic.in](http://www.indiabudget.nic.in))

## **GLOBAL PHARMACEUTICAL INDUSTRY**

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

### **Medicine use in 2020**

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

### **Medicine spending in 2020**

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

### **Transformations in disease treatment**

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

### **Implications**

The continued expansion of healthcare access around the world portends a fundamental gap in delivery capacity where added patient access outruns staffing, infrastructure and funding sources. By 2020 we will see a substantial shift in many major markets away from the siloed budgeting that manages drug

spending separately from other healthcare costs. Emerging economies will be focused on providing access and essential medicines to that in need to close endemic healthcare gaps.

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

Patients will have many more treatment options, especially in cancer and rare diseases, and will be informed, motivated and engaged partners in treatment choices. Their financial stake will also rise as private and public payers in developed economies have already begun to increase patients' levels of co-payment. In low- and middle-income countries direct out-of-pocket cash payments will shift to premiums for private or supplementary insurance as countries strive for universal health coverage.

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

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

#### **MEDICINE USE IN 2020 - ACCESS TO MEDICINES INCREASES BY 2020 BUT SIGNIFICANT DIFFERENCES EXIST BY COUNTRY**

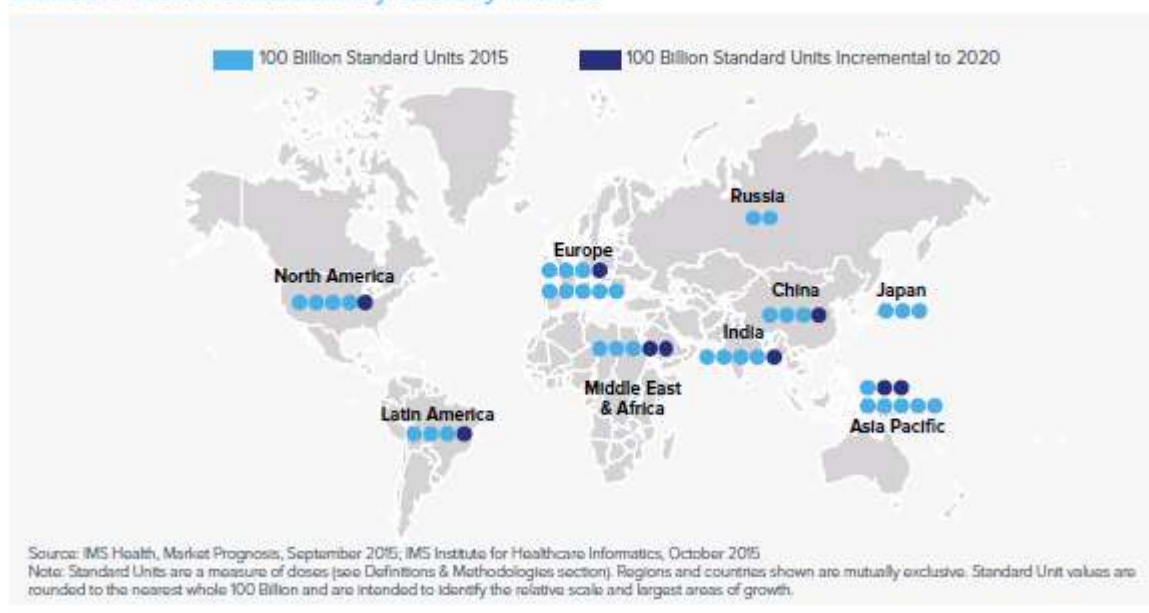
- Global medicine use in 2020 will reach 4.5 trillion doses, up 24% from 2015
- Over 50% of the world's population will consume more than 1 dose per person per day of medicines, up from one third of the world in 2005, driven by India, China, Brazil and Indonesia
- Closing the gap in per capita use of medicines differs by country; increased usage is primarily in emerging markets, while developed markets volumes remain more stable
- Developed markets will continue to use more original branded and specialty medicines per capita while pharmerging markets use more non-original brands, generics and over the counter medicines
- In 2020 the use of new medicines, introduced in the prior 10 years, will represent 0.1% of volumes in pharmerging markets, compared to 2-3% in developed markets

Medicines in 2020 will include a vast array of treatments ranging from those that provide symptom relief available without a prescription to lifesaving genetically personalized therapies unique to a single patient. Total use of medicines in 2020 will reach 4.5 trillion doses, up 24% from 2015 levels. Over half of the world's population will consume more than 1 dose per person per day of medicines, up from one-third in 2005 and driven by India, China, Brazil and Indonesia. Success in closing the gap in per capita use of medicines differs by country; increased usage is primarily in emerging markets, while developed markets' volumes remain more stable. Developed markets will continue to use more original branded and specialty medicines per capita while pharmerging markets will use more non-original brands, generics and over the counter products. Furthermore, the adoption of newer medicines will remain higher in developed markets than in pharmerging markets.

#### **Medicine Use Comparisons**

Most of the global increase in the volumes of medicines used in the 5 years to 2020 will be in India, China, Brazil, Indonesia, and Africa (see Exhibit 1). The largest increases align to areas with the most development gains and often in areas with the lowest usage previously.

Exhibit 1: Doses Consumed by Country in 2020



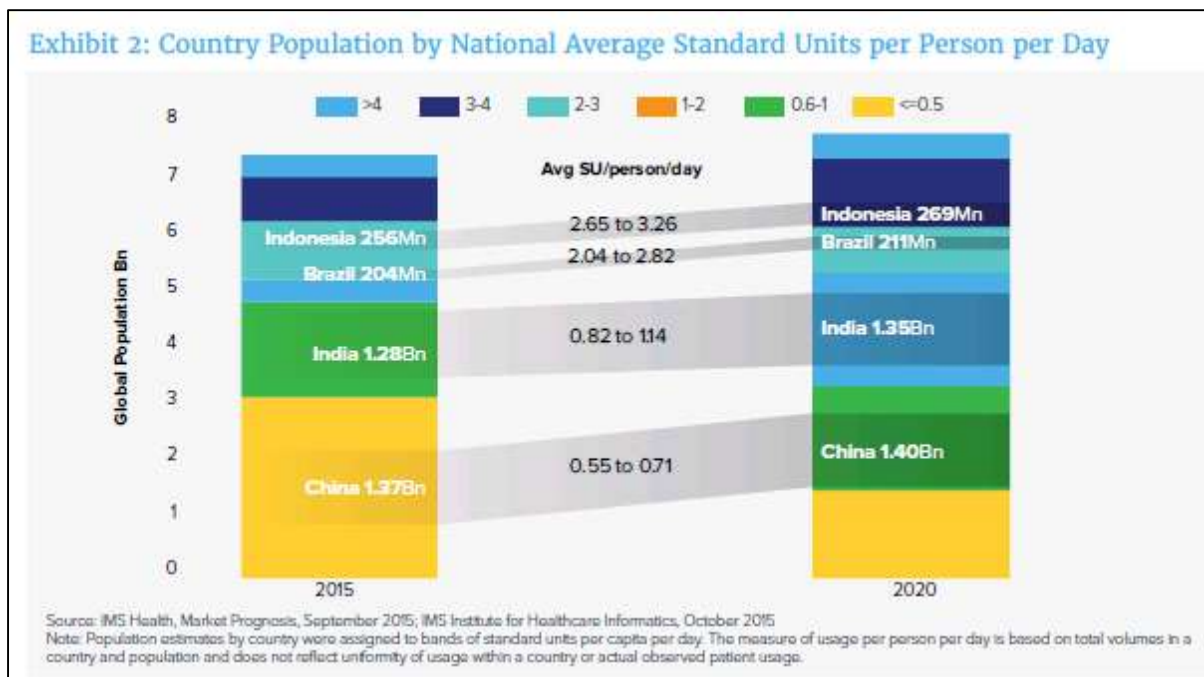
Usage of medicines in Africa and Middle-Eastern countries will increase from 300 to 500 billion standard units in 2020. Within the region, Saudi Arabia and other gulf states will substantially close the gap to developed markets' per capita usage of medicines, while millions of people in sub-Saharan Africa will make modest gains from some of the lowest levels of volume usage in the world. China and India will have each completed ten years of healthcare access expansion by 2020, with nearly all of the Chinese population having basic medical insurance. Most of the rest of the Asia Pacific increased usage will come from Indonesia.

In 2020, Europe's 889 million people will have only modest increases in usage rising from about 818 billion to 916 billion doses, mostly occurring in central and eastern European countries such as Poland, which will approach developed market average usage. Asia Pacific, with 1.3 billion people (excluding China, India and Japan) will increase usage substantially, with half of the increase from Indonesia's shift to 3.26 standard units (SUs) per person per day in 2020. The Middle East and Africa region with 1.6 billion people and 2.5 times the population of Latin America (657 million) will have only 20% more usage overall.

### **Rising per capita use in pharmerging markets**

As the world's population tops 7.6 billion in 2020, per capita usage of medicine will reach about 1.6 Sus per person per day. Most developed countries have usage above 2 SUs per person per day and much of the increased usage in 2020 is driven by China, India, Brazil and Indonesia where substantial increases will have been made in average medicine volume usage (see Exhibit 2).

These four countries with a combined population of 3.23 billion in 2020 - up from 3.11 billion in 2015 - will account for nearly half of the increased volume in medicine usage globally from 2015-2020. India's level of medicine usage is a reflection of both a very basic healthcare infrastructure and the ease of access for medicines where even the most complex medicines can be obtained at a corner pharmacy if the patient can afford them.



China's increased usage belies a more complex system where nearly all citizens will be covered by health insurance but access to medicines will usually require a hospital visit and out-of-pocket costs, discouraging some patients from seeking and adhering to treatment. The gap in average medicine usage between developed markets and pharmerging markets is closing, albeit slowly (see Exhibit 3). The use of medicines requires both the healthcare infrastructure to diagnose diseases and administer drugs appropriately, as well as the financial wherewithal to pay for them. While costs are often substantially lower for medicines in pharmerging markets, so is the ability to pay. The rise of government safety nets and private insurance is one key factor that will increase volume usage across pharmerging markets. The extent and pace of investments, both public and private, will be a key determinant of continued increases in usage.

Saudi Arabia's commitment to wider healthcare access brings it to roughly the same level of usage as the average developed market by 2020, and represents the largest increase among the pharmerging countries. Other countries that will see a closing of the usage gap in 2020 by ten percentage points or more include Brazil, Egypt, Bangladesh, Indonesia, Turkey, Colombia and Algeria.

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

### GLOBAL SPENDING ON MEDICINES IN 2020

Global spending on medicines will reach \$1.4 trillion by 2020, an increase of 29-32% from 2015 compared to an increase of 35% in the prior 5 years

- Spending on medicines in 2020 will remain concentrated to developed markets with more than half for original brands and focused on non-communicable diseases
- Specialty therapies will continue to be more significant in developed markets than in pharmerging markets and different medicines will be used in developed markets compared to pharmerging markets
- Traditional therapies will continue to focus on different diseases in developed and pharmerging markets
- Spending will increase by \$349 billion over 2015, driven by brands and increased usage in pharmerging markets and offset by patent expiries
- Brand spending in developed markets will increase by \$298 billion in the 5 years to 2020 driven by new products, wider usage and price increases, primarily in the U.S., but will be offset by net price reductions



- Small molecule patent expiries will have a larger impact 2016-2020 than in the prior five years, and there will be an increased impact from biologics
- In 2020, the U.S., EU5 and Japan will have important differences in spending and growth from today
- Drug spending per capita will increase substantially for most pharmerging countries, however, China's growth is expected to slow to 2020

Global spending on medicines will reach \$1.4 trillion by 2020, an increase of 29-32% from 2015 compared to an increase of 35% in the prior 5 years. Spending on specialty therapies will continue to be more significant in developed markets than in pharmerging markets, and different traditional medicines will continue to be used in developed markets compared to pharmerging markets. Spending growth will be driven by brands, as well as increased usage in pharmerging markets, and will be offset by patent expiries and net price reductions. The patent expiry impact will be larger in 2016-2020 than in the prior five years on an absolute basis and will include \$41 billion of impact from biosimilars.

**Spending and growth to 2020**

Developed markets will contribute 63% of the spending, led by the U.S (see Exhibit 6). Original brands will represent 52% of spending and 85% of global spending will be for medicines to treat non-communicable diseases. These distributions of costs belie the very different perspective on a volume basis where lower-cost/higher-volume medicines dominate the overall use of medicines.

Using actual and forecast exchange rates, the absolute global spend for pharmaceuticals will change by \$349 billion in the 2016-2020 time period compared to \$182 billion in the 2010-2015 period (see Exhibit 7). The last five years had a \$100 billion reduction of growth due to currency effects, while the next five years will be lifted by \$26 billion by the weakening of the dollar against global currencies.

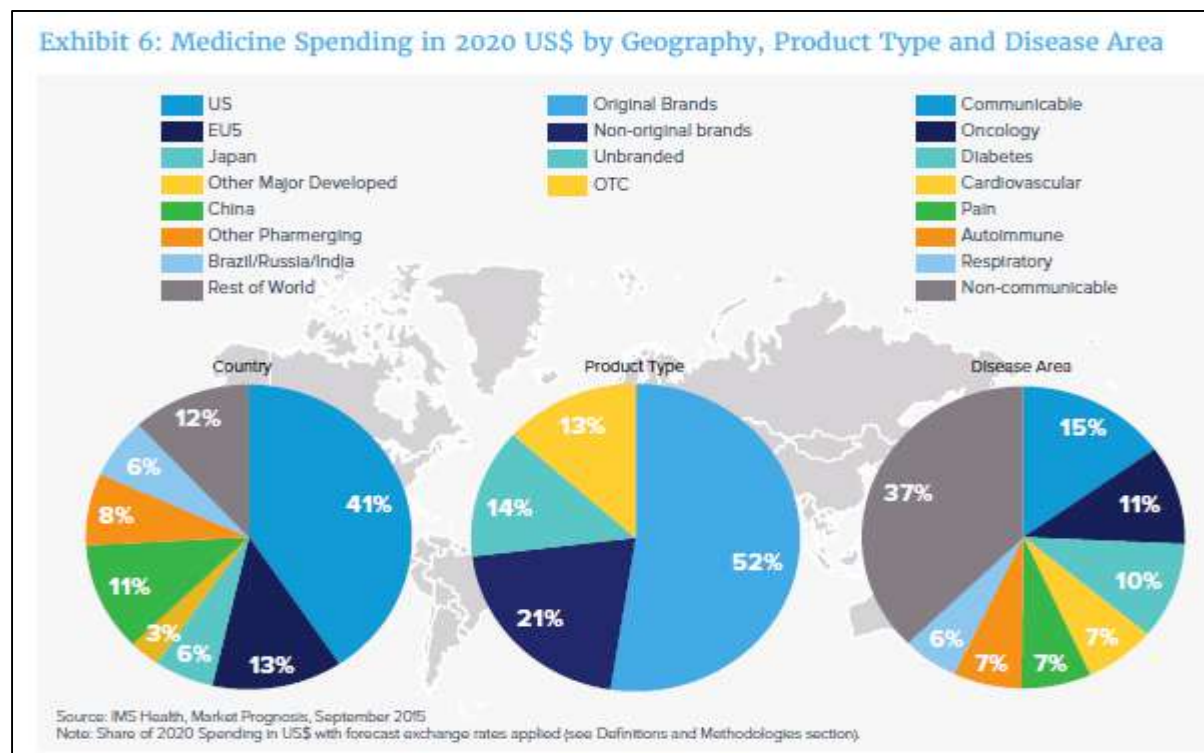
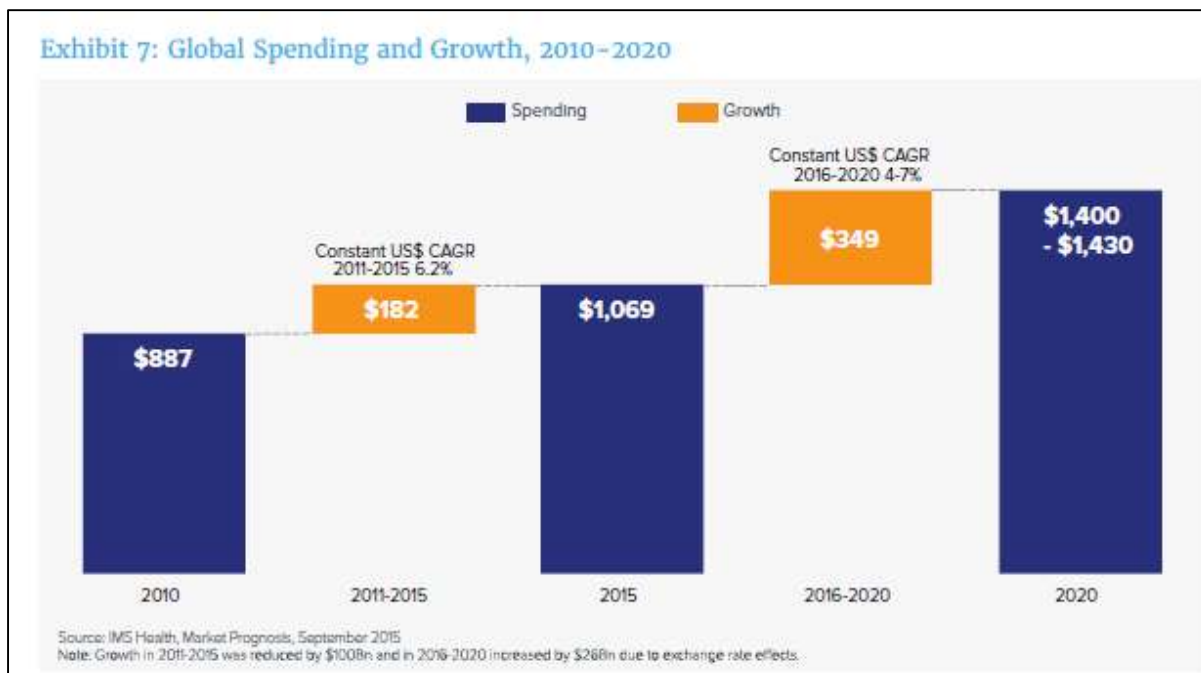


Exhibit 7: Global Spending and Growth, 2010-2020



The global economic crisis has been a key global issue during the past five years though much of its worst effects have now passed. Some pharmerging countries like China, Brazil, Argentina, and Venezuela have had severe economic and social issues recently which are expected to contribute to slowing growth during the forecast period. Significant risks of further economic slowdown continue as a result of the ongoing disruption in the Middle East, the weaker Chinese economy, and Latin American countries with severe economic distress and some with hyperinflation.

Medicine spending will increase 31-34% over the next five years (29-32% on a constant dollar basis) compared to a 24% increase in the volumes of medicine used. Volume growth will be driven by demographic trends such as an aging population in developed markets and rising incomes and expanded access to healthcare in pharmerging markets. The remainder of the increase in spending will be driven by the costs of medicines which increase due to the wider adoption of newer more expensive therapies and an increase in prices per unit which occur in some countries, notably the United States.

**U.S. spending on medicines**

U.S. spending on medicines will reach \$560-590 billion in 2020, a 34% increase in spending over 2015 on an invoice price basis. This growth will be driven by innovation, invoice price increases (offset by off-invoice discounts and rebates) and the impact of loss of exclusivity (see Exhibit 13). Spending growth in the next five years will differ from the last four which included the largest patent expiry cluster ever in 2012 and the largest year for new medicines in 2014. Of the \$24 billion in new brand spending for 2014, \$12 billion was driven by hepatitis C treatments as 140,000 more patients were treated than in the prior year. This increased volume accounted for about \$9 billion of the increased spending with the remainder due to higher treatment cost per patient relative to earlier, less effective and less well tolerated treatments.

The impact of patent expiries over the next five years, while higher in absolute dollars, will be lower in percentage contribution than the past five years and no single year will reach the level of 2012. Generic medicines will continue to provide the vast majority of the prescription medicine usage in the U.S., rising from 88% to 91-92% of all dispensed prescriptions by 2020. Invoice price growth – which does not reflect discounts and rebates received by payers - will continue at historic levels through 2020 after a period from 2013 to 2015 where increases were much higher but substantially offset by off-invoice discounts and rebates. Net price trends for protected brands remain constrained by payer negotiated discounts and rebates and net prices are expected to grow at 5-7% per year. Brands, on average, will concede as much as one-third of their invoice prices in discounts to payers over the forecast period.

The Affordable Care Act (ACA) will continue to have an effect on medicine spending during the next five years primarily due to expanded insurance coverage. ACA access expansion will be largely complete by 2020, bringing modest new demand for medicines, but an increasing share of medicines will be paid for by Medicare, Medicaid, and other government funded or mandated programs (including

340b) each commanding substantial discounts from list prices. The wider adoption of provisions of the law that encourage greater care coordination will see at least a third of healthcare covered by Accountable Care Organizations (ACOs) under the Medicare shared savings program or ACO-like arrangements negotiated between commercial insurers and institutions. These organizational and payment changes will reinforce the shift to outcomes and evidence-based payments as opposed to the volume of services provided.

By 2020, the Affordable Care Act will be ten years old and moving into adolescence in terms of major implementations, with further evolution and maturing still to come. The impacts of the various provisions of the law are cumulative and in important ways they are the underpinning of the general growth trend in the volume of medicines. Some parts of the ACA will enable conversion to a more rational system based on a better understanding of outcomes and costs. There will be some unintended consequences, that will likely impact patients before they are addressed with future policy amendments, and some of them can be expected to be non-trivial. The rising use of high-deductible insurance plans, for example, which have demonstrable impacts on patients' adherence rates, in some ways put employers and patients who choose these plans at odds with holistically-focused ACOs.

### **Japan spending on medicines**

Japan's growth is expected to return to historic patterns through 2020 and the long-term effects of the new price regime will see average prices at a market level be essentially unchanged from 2015. Spending will increase by 3-4% over the next five years, the lowest aggregate increase of any developed market. The price regime, in effect since 2010, applies biennial price cuts differentially more to older off-patent brands, less to newer original brands, and separately incentivizes generic dispensing. Spending in 2020 will see wider use of specialty original brands but lower overall brand spending as older brands will face more severe price cuts.

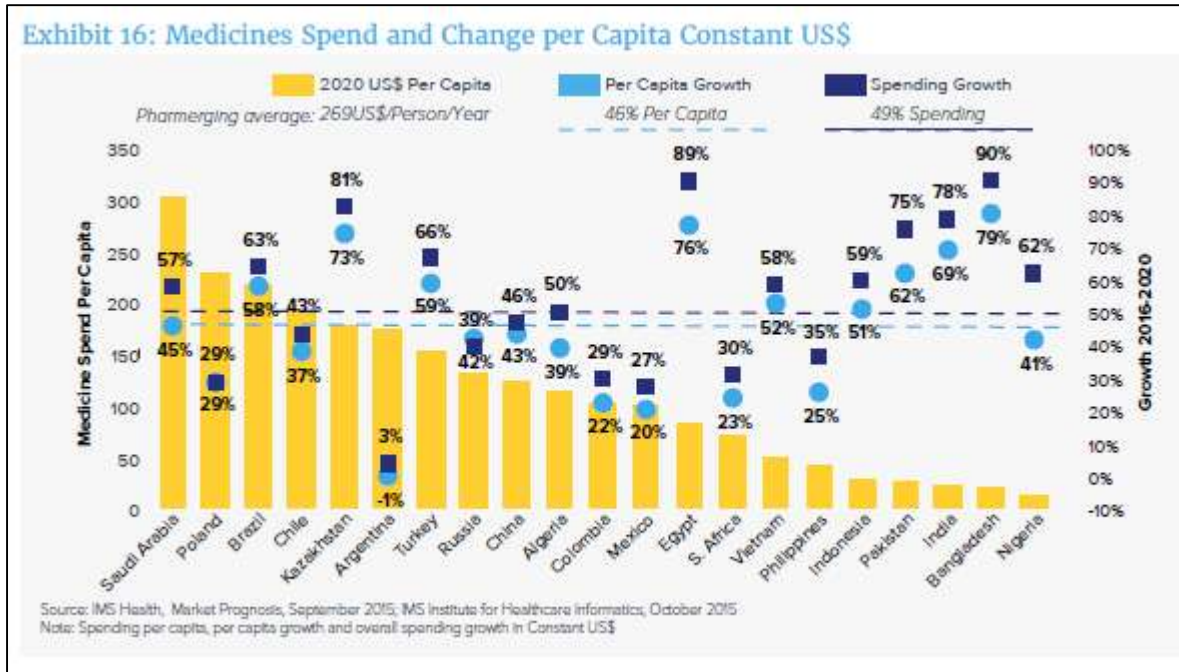
The incentives to wider generic usage will double generic spending, as generic penetration of the unprotected market is targeted by the Ministry of Labour Health and Welfare (MLHW) to reach 80% by 2020, up from 54.4% for the quarter ending June 2015.<sup>1</sup> The 2010-2015 period saw substantial increase in the average prices of medicines as policies designed to reward innovators were implemented. The introduction of a value added tax (VAT) in 2014, as part of national economic reforms, slowed growth, but it is expected to return to historic levels of mid-single-digit growth to 2020. Further planned increases to sales taxes in the 2016-2018 time period could offset the expected growth and result in a zero growth scenario in those years.

### **Pharmerging markets spending on medicines**

Growth in spending on medicines in pharmerging markets of \$125 billion to 2020 is driven primarily by wider use of medicines. The per capita increases in volume and spending reflect the strong commitment to wider access to healthcare from government and expanded private insurance markets that many pharmerging countries are experiencing.

The difference in per capita spending growth and overall spending growth over the next five years is indicative of population growth, while the overall high level of per capita spending growth reflects both access expansions and the rising mix of higher cost medicines being used in pharmerging markets. Saudi Arabia is notable in that it will spend \$300 per person in 2020, with nearly the same volume per person as average developed markets. Many of the countries with the highest per capita spending growth to 2020 have the lowest spend per capita, suggesting that most people in those countries have substantially worse healthcare than in higher spend pharmerging or developed markets and that the increases will go some way but ultimately still fail to address global healthcare inequities.

**Exhibit 16: Medicines Spend and Change per Capita Constant US\$**



**China spending on medicines**

China’s decade long access expansion will have provided basic medical insurance to nearly the entire 1.4 billion populations by 2020 but further rapid growth in spending is not expected. Per capita medicine volumes will continue to increase but at a slower rate than earlier in the decade and spending growth will slow to below 10% through 2020 (see Exhibit 17). China’s economy has slowed recently and most medicine spending will still require substantial patient contributions, which will hamper increased spending overall. China remains the largest pharmerging market and, while slower than earlier in the decade, is expected to be at or above GDP growth through 2020.

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

**TRANSFORMATIONS IN DISEASE TREATMENTS - INNOVATION DRIVES TRANSFORMATION OF DISEASE TREATMENTS IN 2020**

- Use of medicines in 2020 will include 943 New Active Substances introduced in the prior 25 years; new medicines in recent years will be weighted to specialty and biologics.
- Patients will have greater access to breakthrough therapies and clusters of innovation around hepatitis C, autoimmune diseases, heart disease, orphan diseases and others by 2020
- Cancer treatments represent the largest category of the 225 new medicines expected to be introduced within the next five years
- Technology will enable changes to treatment protocols, shift patient engagement, accountability and patient-provider interaction accelerating the adoption of behaviour changes proven to increase patient adherence to treatments
- By 2020, over 470 drugs will be available to treat orphan diseases for the 7,000 rare diseases with no or limited treatments available
- While global medicine spending on orphan drugs is expected to be 1-2%, it will be as much as 10% in developed markets such as the U.S.

An increase in the number and quality of innovative new drugs will drive transformation of disease treatments by 2020, as the investments in research and development made in the last two decades emerge and reach patients in growing numbers. Key aspects of innovation include biomarkers, genomics, genetic testing to match patients with treatments, improved success rates in clinical development, and addressing concerns about rising costs. The evolution of development incentives including fast-track approvals for “breakthroughs”, continued pre-competitive collaborations, patient pooling of data, and large real-world evidence collaborations will all continue to stimulate research and development activities into the next decade.

## **New medicines available in 2020**

In 2020, there will be 943 New Active Substances (NAS) introduced in the prior 25 years and the vast majority will be widely available to populations around the world (see Exhibit 18). These treatments often take years to reach patients outside the major developed markets, so the cluster of innovations in the next five years will be less widely available. Increasingly, the new medicines available will treat oncology and orphan diseases and provide a range of specialty small molecule medicines.

Patients will have greater access to breakthrough therapies and clusters of innovation around hepatitis C, cancer, autoimmune diseases, heart disease and orphan drugs by 2020. Cancer treatments represent the largest category of the 225 new medicines expected to be introduced within the next five years, including important new developments. For example, myeloma will see survival rates rise above 50% if the new treatments are as effective as early trials suggest. Over 90% of expected new cancer treatments will be targeted therapies – those that use a cancer cell process, mechanism or genetic marker to select or deliver treatment – of which one-third will use a biomarker. An estimated one-third of cancer treatments will target rare cancers deemed orphan diseases.

By 2020, over 470 drugs, including 75 incremental expected to be launched over the next five years, will be available to treat orphan diseases for the 7,000 rare diseases with no or limited treatments available. While global medicine spending on orphan drugs is expected to be 1-2% of global spending, it will be as much as 10% of in developed markets such as the U.S.

A number of transformational treatments will be available in 2020 including functional cures for hepatitis C, a cluster of small molecule and biologic immunology treatments for rheumatoid arthritis and new treatments for an array of diseases which have previously only been treated with decades old, often generic, small molecule treatments. By 2020, there will be a small but important number of cell- and gene-based therapies available to patients, often with short or one-time dosing, for treating diseases with significant challenges including but not limited to cancers, HIV, genetic disorders and autoimmune diseases.

## **Technology-enabled transformations**

Technology is permeating all aspects of life globally with mobile phones more common in remote Indian villages than computers or landlines and the prevalence of electronic medical records now reach almost every developed nation and many emerging ones. Smartphones, mobile apps, wearable technology, and the modularity with which these technologies can be used together have reached such critical mass that innovations are happening more quickly, cheaply, and with greater specificity to individual micro-populations. Much of the mobile health available today is in its infancy, and the mining of healthcare big data for better decision making is still more promise than reality, but by 2020 major changes will have occurred. Researchers and payers will have substantial and exponentially growing volumes of data proving evidence supporting the benefits of specific approaches, interventions, and drugs as well as refined approaches for using technology to develop insights faster and at lower cost. There will be large consensus by 2020 on issues including:

**Adherence** initiatives will have been put into place as a result of substantial evidence around what works to manage and improve adherence encompassing technology, coordination of care and payer/provider incentives for improved performance and outcomes.

**Wearable** devices will be widely used for monitoring activity, vital signs, and effectiveness of recommended treatment to actual patient experience. High quality clinical grade devices will be commonplace for high-risk patients and will build upon the ubiquity of mobile devices and connect health data between patients and providers rapidly during critical diagnosis and around health events.

**Big data** will have driven a broad based normalization of care across a wide variety of diseases, informed by population health concepts, and measurable thanks to widely adopt electronic medical records in most developed and some pharmerging markets.

**Diabetes** patients from diagnosis will be supported by a range of technology solutions related to diet, exercise, blood sugar testing, and drug adherence. A continuing stream of new medicines will increase the options for doctors and patients but also create a confusing array of therapies to navigate and highlighting the need for scientific evidence to support usage.

**Behaviour modification** as a general concept, accounts for the majority of potential impact on patient outcomes with some diseases and more effective behaviour changes (e.g. diet and exercise) may be better enabled with wearable's and mobile health solutions.

In 2020, every patient with multiple chronic conditions will be able to use wearables, mobile apps and other technologies to manage their health, interact with providers, and connect with fellow patients and family members. Maximizing the benefit of these tools will still depend on evolving proof of concept technologies to evidence based and scalable solutions. By 2020, dozens of clinical trials will prove definitively which approaches are effective and enable the fundamental shifts in the use of technology to both advance healthcare outcomes and enable better outcomes at lower costs.

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

## **IMPLICATIONS**

Evolutionary changes reframe stakeholders approach to medicine use and will ultimately determine how much of the promise of innovative healthcare reaches patients around the world in 2020 and beyond.

There will be several important and evolutionary changes by 2020 that will reframe stakeholders approach to medicine use. The interconnected nature of decisions in healthcare will inevitably lead to tensions, and resolving those conflicts, will ultimately determine how much of the promise of healthcare reaches patients around the world in 2020 and beyond.

### **Fundamental change across stakeholders**

The combination of demographic pressures - population growth, aging populations - and relatively slow or slowing economic growth will have built substantial pressure for most countries to develop new funding models for healthcare by 2020. Medicines in 2020 will include a vast array of treatments ranging from those that provide symptom relief available without a prescription to lifesaving genetically personalized therapies unique to a single patient. The role of medicines in global healthcare will have evolved to one which often replaces more complex interventions and in many cases will be accompanied by a societal expectation that medicines can achieve tremendous results, and that whatever the innovation, it should be affordable and accessible to those who need it. This consensus is clearly present in the discussions of access to treatments for HIV, hepatitis C, and many other medicines, and is included in the policies or ideologies of both developed and developing world countries. While the U.S. has long dominated the world's spending on medicines, the next five years will likely see key pharmerging markets, particularly India and China pass the U.S. in using the highest volumes of medicines, largely driven by their populations, and yet demonstrating that they continue to have limited access per capita to the most transformative innovative medicines.

The number of clinically desirable and costly breakthrough drugs, combined with the larger volume driven costs of existing lower-cost treatment options will strain even the most well managed budgets. The expected growth of medicine usage implies by its very nature that healthcare delivery capacity will need to expand or change significantly. The wider use of newer technologies is likely to enable system expansion without linear cost growth, but difficult decisions that balance overall population benefit and individual patient need will remain challenging issues for stakeholders to resolve.

Health systems globally will largely be on sounder footing in 2020 than today, with broader population access, better evidence basis for the treatment protocols, a faster cycle in adopting better protocols informed by larger volumes of real world data, and a more uniform set of policies to appropriately adopt innovation. Key to this set of improvements and an ongoing evolution of better health and healthcare will be a sustainable set of rewards for innovation, including transparent price negotiation systems, and the wider adoption of intellectual property protection for innovation.

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

## GLOBAL PHARMACEUTICAL INDUSTRY – COUNTRY RANKINGS

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

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

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

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

## GLOBAL NUTRACEUTICAL INDUSTRY

### Market Size

Globally, Nutraceuticals market is going to experience huge growth in the next 10 years or so. Key developed & health-conscious nations are primarily driving this. However, emerging market consumers are also becoming increasingly aware of the benefits of such products. Alongside, disposable income of general population is also increasing exponentially in many developing nations including India.



### **Global Market Growth & General Demand Scenario**

As is evident, while in the initial years, between 1999 & 2002 industry grew at 7% per annum, the next few years up to 2010 saw double that growth at 14% per annum. Currently around \$12-15 Bn is being added every year. By 2020, the world will have 1 billion populations of 60+ ages. 70% of this population live in developed nations & balance 30% in developing nations. Nutraceutical demand will grow at a steady rate in developed nations. Developing nations with their progressive disposable income will see a sudden surge in growth in the next 5-10 years.

The below structure depicts Global Key & Emerging geographies:

Region	Country	Potential
North America	US	Maturing market, growth with dietary supplements as healthcare costs increase
Asia-Pacific	Japan	Pioneers in natural Nutraceuticals & Dietary supplements. Huge market second to US
	China	Rapidly growing middle class and increasing disposable income will greatly expand Nutraceutical segment in China by 2020.
Europe	Germany	Stringent Government regulation & approval process. Most players expanding product offerings
Latin America	Brazil	Health-conscious, well-informed young middle class would drive growth

### **Drivers of Growth**

The drivers of growth are diverse for different markets. It also depends on the level of maturity of the market. Below is an account of what the drivers of growth are – for different markets.



Factors Driving Growth					
US	Europe	Japan	Brazil	China	India
Increasing cost of Healthcare	Acceptance of Ingredients	Aging population	Organic is healthy perception	High cost of insurance & healthcare	Rising awareness of health issues & alternatives
Erstwhile recession	Advertising & Marketing	Healthcare costs	Over-nourished/obesity problem	Influence of TCM	Better access through newer channels
Maturity of market	Preference for natural products	Rising Eye Health issues & Diabetes incidence	Awareness & perceived risk of diabetes, heart disease & cancer	Expansion of modern retail	High incidence of Diabetes
Clutter of products in the market		Obesity, high lipid and sugar levels in blood, hypertension	Ageing population	Imports	Usage of vitamins
Shorter product life cycle				Consumer awareness on healthier alternatives & naturals	Rising middle class and health consciousness
Ageing baby boomers				Ageing population	

(Source: Indian Nutraceuticals Industry – Current Scenario & Future Trends [www.assochem.org](http://www.assochem.org), Knowledge Partner - MRSS India)

## INDIAN PHARMACEUTICALS MARKET

### Introduction

The Indian pharmaceuticals market is the third largest in terms of volume and thirteenth largest in terms of value, and it accounts for 20 per cent in the volume terms and 1.4 per cent in value terms of the Global Pharmaceutical Industry as per a report by Equity Master. India is the largest provider of generic drugs globally with the Indian generics accounting for 20 per cent of global exports in terms of volume. Of late, consolidation has become an important characteristic of the Indian pharmaceutical market as the industry is highly fragmented.

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

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

### Market Size

Indian pharmaceutical sector is estimated to account for 3.1 – 3.6 per cent of the global pharmaceutical industry in value terms and 10 per cent in volume terms. It is expected to grow to US\$100 billion by 2025. The market is expected to grow to US\$ 55 billion by 2020, thereby emerging as the sixth largest pharmaceutical market globally by absolute size, as stated by Mr Arun Singh, Indian Ambassador to the US. Branded generics dominate the pharmaceuticals market, constituting nearly 80 per cent of the market share (in terms of revenues). The sector is expected to generate 58,000 additional job opportunities by the year 2025. \*

India's pharmaceutical exports stood at US\$ 16.8 billion in 2016-17 and are expected to grow by 30 per cent over the next three years to reach US\$ 20 billion by 2020, according to the Pharmaceuticals Export Promotion Council of India (PHARMEXCIL).

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 to grow at an average growth rate of around 30 per cent a year and reach US\$ 100 billion by 2025. Bio pharma, comprising vaccines, therapeutics and diagnostics, is the largest sub-sector contributing nearly 62 per cent of the total revenues at Rs 12,600 crore (US\$ 1.89 billion).

### **Investments**

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

The drugs and pharmaceuticals sector attracted cumulative FDI inflows worth US\$ 15.570 billion between April 2000 and September 2017, according to data released by the Department of Industrial Policy and Promotion (DIPP).

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

- 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. #
- Private equity and venture capital (PE-VC) investments in the pharmaceutical sector have grown at 38 per cent year-on-year between January-June 2017, due to major deals in this sector.

### **Government Initiatives**

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

- 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.

### **Road Ahead**

The Indian pharmaceutical market size is expected to grow to US\$ 100 billion by 2025, driven by increasing consumer spending, rapid urbanisation, and raising healthcare insurance among others. Pharma sector's revenues are expected to grow by 9 per cent year-on-year through fiscal 2020.

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

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

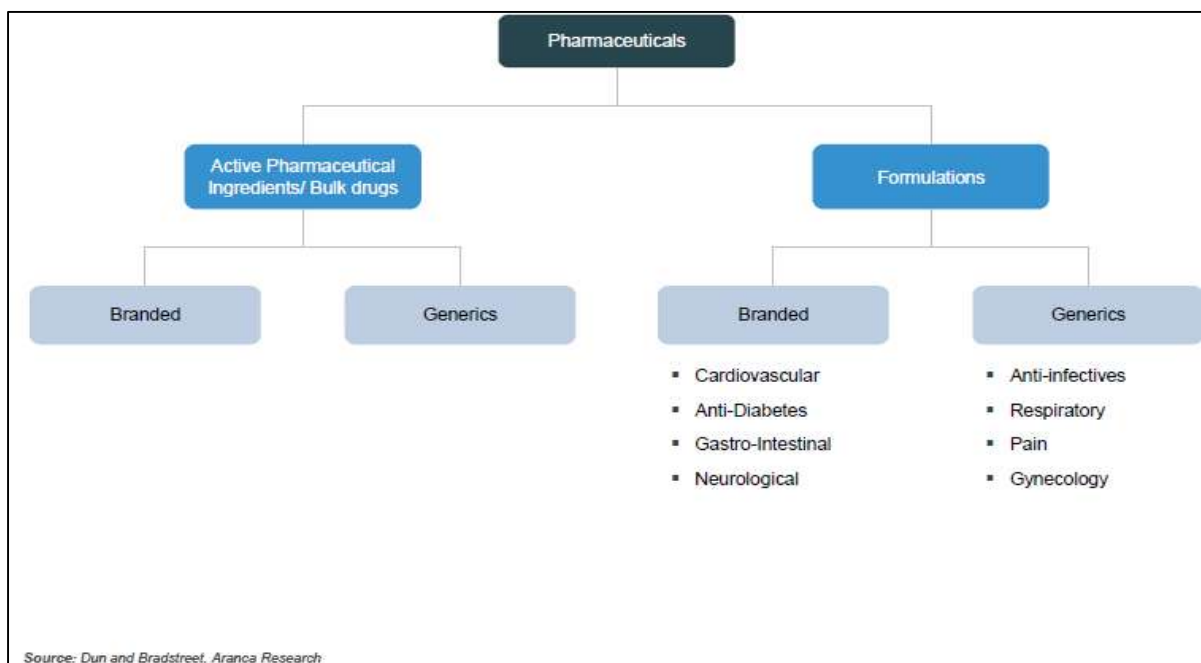
Exchange Rate Used: INR 1 = US\$ 0.015 as on January 4, 2018

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

Note: \* - According to IIHMR University, Jaipur; # - According to a report by Care Ratings.

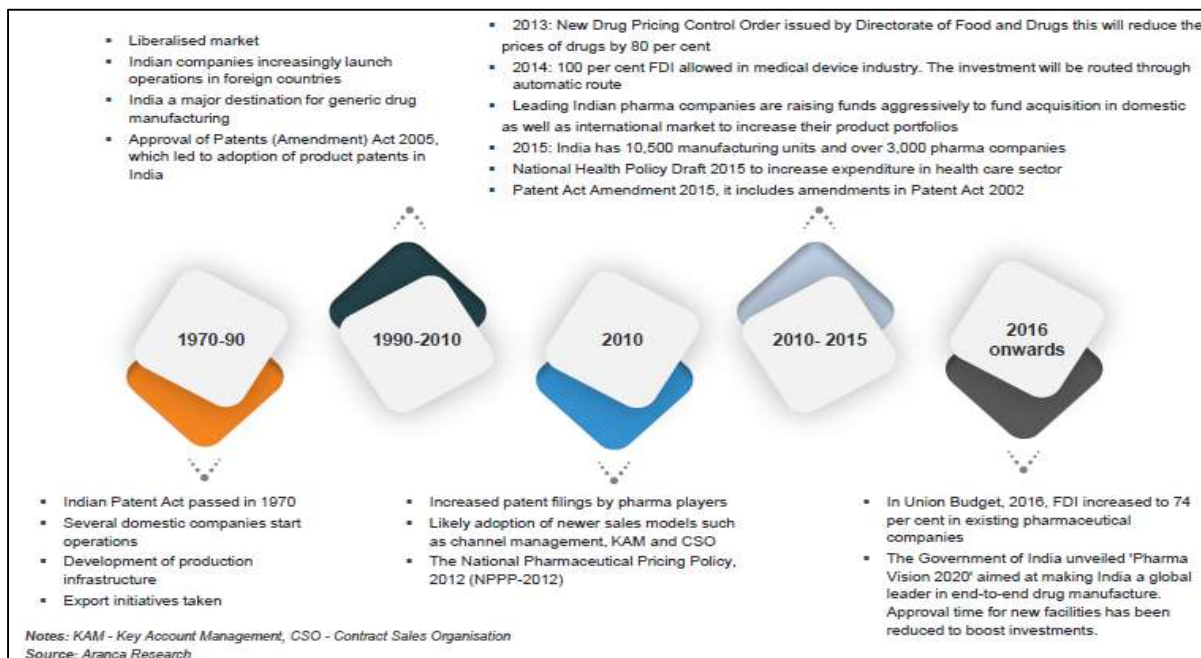
(Source: Indian Pharmaceuticals Industry Analysis - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

## STRUCTURE OF PHARMA SECTOR IN INDIA



(Source: Pharmaceuticals January 2018 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

## EVOLUTION OF INDIAN PHARMACEUTICAL SECTOR



(Source: Pharmaceuticals January 2018 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

## NOTABLE TRENDS IN THE INDIAN PHARMACEUTICALS SECTOR

### Research and development

- Indian pharma companies spend 8-13 per cent of their total turnover on R&D

- Expenditure on R&D is likely to increase due to the introduction of product patents; companies need to develop new drugs to boost sales

### **Export revenue**

- India's pharmaceutical export market is thriving due to strong presence in the generics space
- Pharmaceuticals exports from India stood at US\$ 16.64 billion in FY 2016-17.

### **Joint Ventures**

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

### **Expansion by Indian players abroad**

- Cipla, the largest supplier of anti-malarial drugs to Africa, set up a US\$ 32 billion plant in Africa for the production of anti-retroviral and anti-malarial drugs.
- Mankind Pharma is planning to enter the US market and might start product filings in 2018.

### **PPP in R&D**

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

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

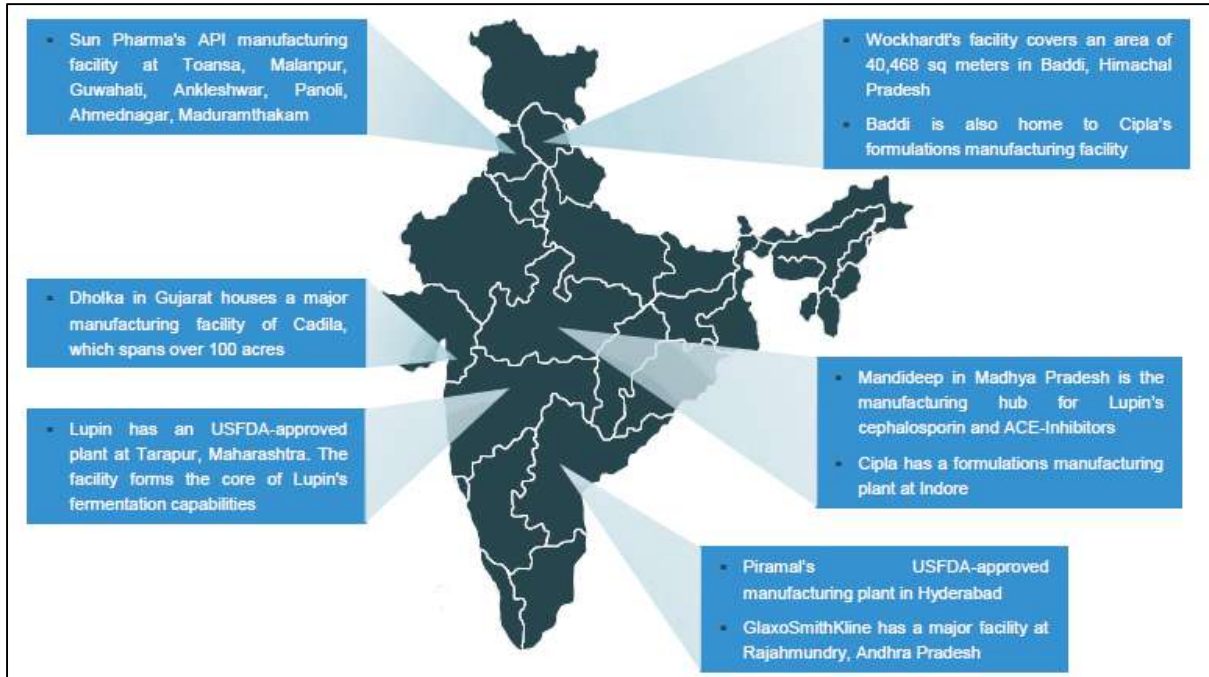
- The time limit given for submitting the application for grant has been reduced to 4 months from 12 months, providing an extension of 2 months

### **Product Patents**

- The introduction of product patents in India in 2005 gave a boost to the discovery of new drugs. India reiterated its commitment to IP protection following the introduction of product patents
- In December 2016, Suven Life Sciences was granted product patent for the treatment of neurodegenerative diseases
- In order to compete with global players in pharmaceutical industries, approval process of drugs have been simplified by the authorities and approval time for new facilities has been drastically reduced

(Source: *Pharmaceuticals January 2018 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org) )*

## STATES HOSTING KEY PHARMACEUTICAL VENTURES

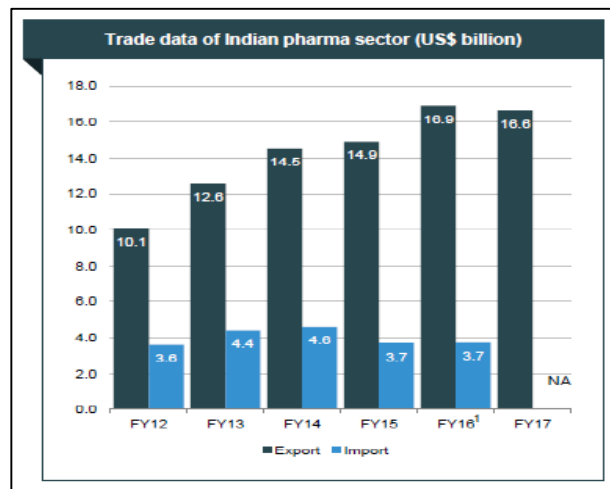


(Source: Pharmaceuticals January 2018 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

## PHARMA EXPORT TO CONTINUE WITNESSING HIGH GROWTH

- Indian pharma companies are capitalising on export opportunities in regulated and semi-regulated markets
- In FY17, India exported pharmaceutical products worth US\$ 16.8 billion, with the number expected to reach US\$ 40 billion by 2020.

During April – September 2017, India exported pharmaceutical products worth Rs 411.3 billion (US\$ 6.4 billion). During April – October 2017, India exported pharmaceutical products worth Rs. 478.3 billion (US\$ 7.4 billion).

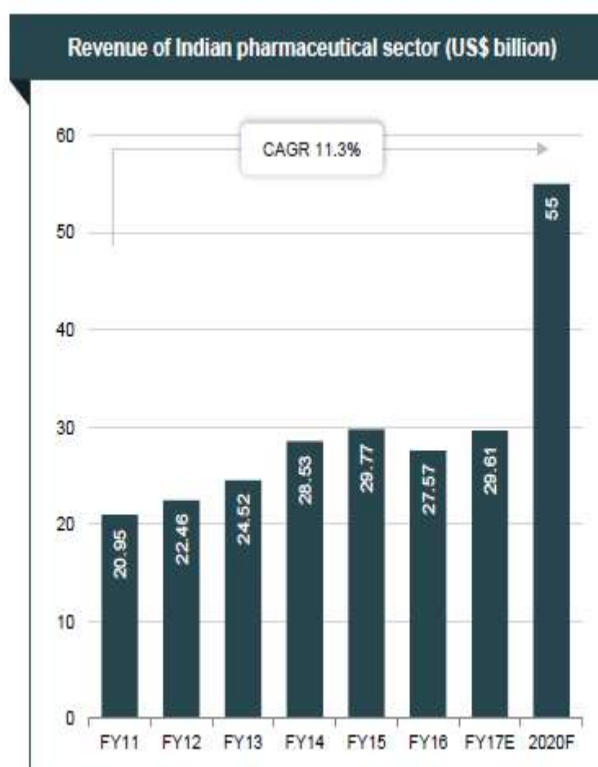


- Indian drugs are exported to more than 200 countries in the world, with the US as the key market
- India is the world's largest provider of generic medicines; the country's generic drugs account for 20 per cent of global generic drug exports (in terms of volumes)
- Around 40.6 per cent of India's US\$ 16.8 billion pharmaceutical exports in 2016-17 were to the American continent, followed by a 19.7 per cent to Europe, 19.1 per cent to Africa and 18.8 per cent to Asian countries.

(Source: Pharmaceuticals January 2018 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

## INDIA PHARMA SECTOR REVENUES TRENDING NORTH

- 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.
- By 2020, India is likely to be among the top three pharmaceutical markets by incremental growth and 6th largest market globally in absolute size.
- India's cost of production is significantly lower than that of the US and almost half of that of Europe. It gives a competitive edge to India over others.
- Increase in the size of middle class households coupled with the improvement in medical infrastructure and increase in the penetration of health insurance in the country will also influence in the growth of pharmaceuticals sector.
- Medicine sales in India increased 8.1 per cent year-on-year in November 2017.



(Source: Pharmaceuticals January 2018 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

## GROWTH DRIVERS

### Supply Side Drivers

- Cost advantage
- Skilled manpower
- India a major manufacturing hub for generics
- India accounts for 22 per cent of overall USFDA approved plants
- Increasing penetration of chemists

### Demand Side Drivers

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

### Policy Drivers

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

(Source: Pharmaceuticals January 2018 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org))

## **SUPPLY SIDE DRIVERS**

### **Launch of patented Drugs**

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

### **Medical infrastructure**

Pharma companies have increased spending to tap rural markets and develop better medical infrastructure. Hospitals' market size is expected to increase by US\$ 200 billion by 2024. In October 2016, the government gave a nod to set up the country's first medical devices manufacturing park in Chennai.

### **Scope in generics market**

India's generic drugs account for 20 per cent of global exports in terms of volume, making it country the largest provider of generic medicines globally. The generics drug market accounts for around 70 per cent of the India pharmaceutical industry and it is expected to reach US\$ 27.9 billion by 2020

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

India's OTC drugs market is expected to have grown at a CAGR of 16.3 per cent to US\$ 6.6 billion over 2008–16 and is further expected to grow on the account of increased penetration of chemists, especially in rural regions. Indian OTC market is expected to grow at a CAGR of 9 per cent from 2016-26 to cross Rs 44,115 crore (US\$ 6.81 billion).

### **Patent Expiry**

About 120 drugs are expected to go off-patent over the next 10 years; with expected worldwide revenue between US\$ 80 to 250 billion.

(Source: Pharmaceuticals January 2018 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org) )

## **DEMAND DRIVERS**

### **Accessibility**

Over US\$ 200 billion to be spent on medical infrastructure in the next decade. New business models expected to penetrate tier-2 and 3 cities. Over 160,000 hospital beds expected to be added each year in the next decade. India's generic drugs account for 20 per cent of global exports in terms of volume, making the country the largest provider of generic medicines globally.

### **Affordability**

Rising income could drive 73 million households to the middle class over the next 10 years. Over 650 million people expected to be covered by health insurance by 2020. Government-sponsored programmes set to provide health benefits to over 380 million BPL people by the end of 2017. The government plans to provide free generic medicines to half the population at an estimated cost of US\$ 5.4 billion.

### **Acceptability**

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

### **Epidemiological factors**

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

(Source: Pharmaceuticals January 2018 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org) )

## **FAVOURABLE POLICY MEASURES SUPPORT GROWTH**

### **Reduction in approval time for new facilities**

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

### **Collaborations**

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

### **Support for technology upgrades and FDIs**

Government is planning to relax FDI norms in the pharmaceutical sector. In March 2017, the government to create a digital platform to regulate and track the sale of quality drugs, and it can be used by people living in the country as well as abroad.

### **Industry infrastructure**

Under the Union Budget 2017-18, the government has announced to set up 1.5 lakh Health Care Centres and open 2 new AIIMS in Jharkhand and Gujarat. In 2016, the government has planned to set up 6 pharma parks at an investment of about US\$ 27 million

### **Pharma Vision 2020**

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

### **Exceptions**

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

### **Bulk Drug Parks**

Government of India is planning to set up mega bulk drug parks in order to reduce industry's dependency on raw material imports.

### **OTC drugs**

A new category of over the counter (OTC) drugs has been given in-principle approval. The category includes muscle relaxants, decongestants, anti-inflammatory drugs, antacids, external preparations for skin and hormonal contraceptives.

### **Online Pharmacies**

Government of India is planning to set up an electronic platform to regulate online pharmacies under a new policy

### **National Biopharma Mission**

The Industry – Academia mission was launched in June 2017 to boost development of biopharmaceuticals in India.

(Source: Pharmaceuticals January 2018 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org) )

## **NATIONAL PHARMA PRICING POLICY 2012**

### **Market Based Pricing**

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



## **Essentiality of Drugs**

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

## **Price Control of Formulations Only**

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

(Source: Pharmaceuticals January 2018 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org) )

## **OPPORTUNITIES: INDIAN PHARMACEUTICALS MARKET**

### **Clinical Trials Market**

India is among the leaders in the clinical trial market. Due to a genetically diverse population and availability of skilled doctors, India has the potential to attract huge investments to its clinical trial market. From 2009 to 2015, 3043 clinical trial has been carried out in India. As of June 2017, the Clinical Trials Registry – India had 8,950 trials registered.

### **High end Drugs**

Due to increasing population and income levels, demand for high-end drugs is expected to rise. Growing demand could open up the market for production of high-end drugs in India.

### **Penetration in rural market**

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

### **CRAMS**

The Contract Research and Manufacturing Services industry (CRAMS) – estimated at US\$ 9.3 billion in 2014, is expected to reach US\$ 19 billion by 2018. The market has more than 1,000 players.

(Source: Pharmaceuticals January 2018 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org) )

## **ADVANTAGE INDIA**

### **Cost Efficiency**

Low cost of production and R&D boosts efficiency of Indian pharma companies. India's cost of production is approximately 33 per cent lower than that of the US. Due to lower cost of treatment, India is emerging as a leading destination for medical tourism. India's ability to manufacture high quality, low priced medicines, presents a huge business opportunity for the domestic industry.

### **Economic Drivers**

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

### **Diversified Portfolio**

Accounts for over 10 per cent of the global pharmaceutical production. Over 60,000 generic brands across 60 therapeutic categories. Manufactures more than 500 different APIs. More than half of all 345 drug master filings (DMFs) in the USA in Q4 2016 and Q1 2017 were from India.

### **Policy Support**

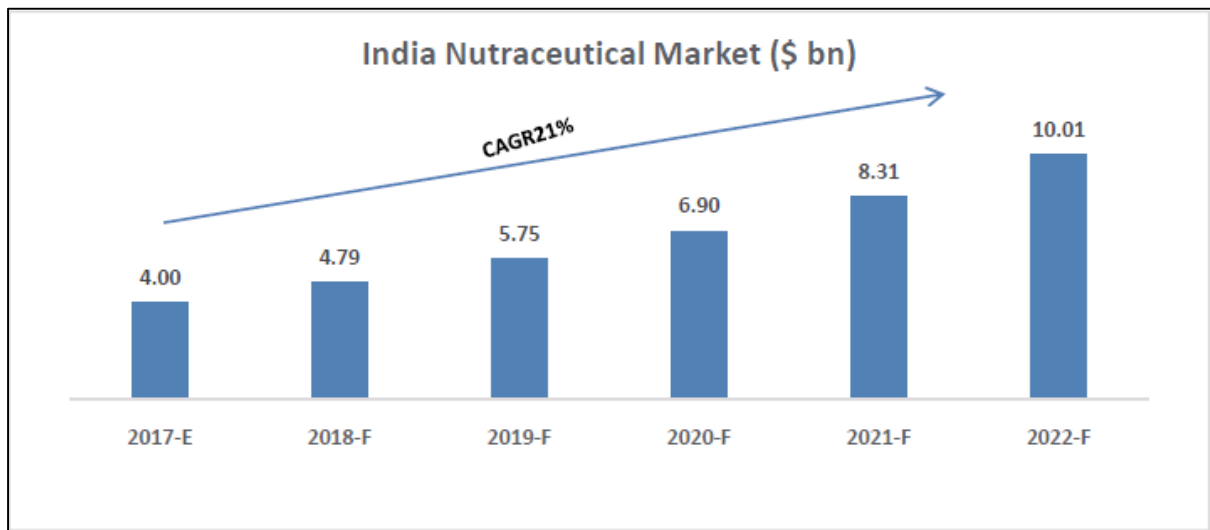
Government unveiled 'Pharma Vision 2020' aimed at making India a global leader in end-to-end drug manufacturing. Reduced approval time for new facilities to boost investments. In this sector, 100 per cent FDI is allowed under automatic route.

(Source: Pharmaceuticals January 2018 - India Brand Equity Foundation - [www.ibef.org](http://www.ibef.org) )

## **INDIAN NUTRACEUTICAL MARKET**

### **Indian Market Size & Growth**

The Indian Nutraceuticals market is expected to grow from \$ 4 Bn in 2015 to \$ 10 Bn in 2022. This represents a huge growth of 21% growth annually.



Transformation in food habits, less physical work, more of desk jobs have made Indians more vulnerable to lifestyle ailments. The average urban & semi-urban Indian is becoming more conscious about health & fitness. This is providing a massive growth opportunity for Nutraceuticals in India. The entire category of Nutraceuticals is divided into Functional Foods, Functional Beverages & Dietary Supplements. Functional Food & Beverages account for around 35% of the market in India and will experience higher growth in India in the next few years to come.

### **Consumer Segments**

India represents a huge and vast market for Nutraceuticals as almost every segment has a need for some form of Nutraceuticals. Some segments have a more pronounced need for Nutraceuticals among others

1. Growing children needs Functional food and beverage supplement to be able to perform well in academics and extra-curricular well
2. Younger Age-groups 15-25 & 25-35 are stronger targets either due to active lifestyle or specific needs
3. Pregnant and lactating mothers need to supplement their nutrition need
4. Ages 60+ group are specifically vulnerable to Diabetes, Bone related diseases and other ailments and needs special preventive protection through Nutraceuticals.

Functional food & beverages and Dietary supplements are the two key elements of Indian nutraceuticals market. These are further divided into different sub groups like:

### **1. Functional food and beverages**

#### **Functional foods:**

- Omega fatty acid fortified food
- Probiotic fortified food
- Branded iodinated salt
- Branded wheat flour

#### **Functional beverages:**

- Energy drinks
- Sports drinks
- Fortified drinks

### **2. Dietary supplements**

- Vitamins and minerals
- Herbal supplements
- Protein supplements
- Chavanprash

### **SWOT ANALYSIS**

The following is a SWOT Analysis of Nutraceutical Industry in India

<p style="text-align: center;"><b>STRENGTHS</b></p> <ul style="list-style-type: none"> <li>• Huge opportunity for growth, driven by changing &amp; busy lifestyle</li> <li>• Relatively younger Indian population with significant nutritional deficiency</li> <li>• There is a lineage/ history in India of Ayurveda and similar health enhancing products in a natural way</li> <li>• Significant access to capital</li> <li>• Good Manufacturing Practices and experience base in Food &amp; Beverage, Pharmaceutical companies – across MNC and Indian manufacturers</li> </ul>	<p style="text-align: center;"><b>WEAKNESS</b></p> <ul style="list-style-type: none"> <li>• Nature of market fragmented – both from demand &amp; supply perspective – this is so as every player is identified some kind of niche for himself</li> <li>• Current lack of will to reinvent already existing rituals/ practices prevalent, which could develop into a big trend</li> <li>• Lack of information to prove efficacy/ benefits</li> </ul>
<p style="text-align: center;"><b>OPPORTUNITIES</b></p> <ul style="list-style-type: none"> <li>• Consumer &amp; stakeholders/ opinion holders' education through communication</li> <li>• Digital execution most impactful</li> <li>• To position Local remedies in fully branded context. Patanjali is a pioneer in this aspect</li> <li>• Sports related Nutraceuticals will have a major impact on consumer health as fitness enthusiasts start engaging with different sports</li> <li>• activities more vigorously and even professionally</li> </ul>	<p style="text-align: center;"><b>THREATS</b></p> <ul style="list-style-type: none"> <li>• Spurious products &amp; brands</li> <li>• Most Nutraceutical brands/ products are sold as a premium product thereby limiting its trial in mostly in urban areas</li> <li>• Lack of real stakeholder support</li> </ul>

### **Barriers to Adoption**

There are various myths as narrated in the article above which are coming in the way of adoption. They need to be addressed through appropriate and effective communication. One of the concerns from General Practitioners/ Nutritionists/ Fitness Instructors is side-effects that Nutraceuticals may cause. The other reservation is that these products are not 'natural'. Marketers need to take such points of views in consideration and launch sustained communication programs of outreach that will allay such fears both in the minds of opinion leaders as well as consumers.

### **New Trends in Value Chain/ Distribution**

For a new & emergent category like Nutraceuticals, distribution chain is a critical driver of success. Distribution channel also has a major role of building and sustaining consumer and stakeholder confidence, brand building and accelerating reach of such products in Tier 3 cities. Several types of channel options are emerging. Some of the established Modern Trade channels are merchandizing Nutraceuticals, thereby enhancing its visibility and availability. Sometimes it is sold as an OTC, so chemists' shops would be a familiar channel for purchase. We also observe exclusive outlets for Functional Foods, Beverages, Vitamins and nutrients. Chains like Neulife are inspiring, perhaps setting benchmarks for other entrepreneurs to venture in such distribution initiatives. Exclusive outlets provide more credibility to consumers as also it builds up a relationship with the buyers. Gyms themselves also stock and promote Functional Foods, Beverages, Vitamins & Mineral supplements. Several Nutritionists also act as distribution points for such products.

(Source: Indian Nutraceuticals Industry – Current Scenario & Future Trends [www.assochem.org](http://www.assochem.org), Knowledge Partner - MRSS India)

## OUR BUSINESS

Some of the information contained in the following discussion, including information with respect to our business plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the chapter titled “*Forward-Looking Statements*” beginning on page 20 of this Red Herring Prospectus, for a discussion of the risks and uncertainties related to those statements and also the section “*Risk Factors*” beginning on page 28 of this Red Herring Prospectus, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal are to the twelve-month period ended March 31 of that year.

The financial information used in this section, unless otherwise stated, is derived from our Financial Information, as restated prepared in accordance with Indian GAAP, Companies Act and SEBI ICDR Regulations. The following information is qualified in its entirety by, and should be read together with, the more detailed financial and other information included in this Red Herring Prospectus, including the information contained in the sections titled “*Risk Factors*” and “*Financial Information*” beginning on pages 28 and 200 respectively.

In this section, unless otherwise stated, references to “Company” or to “we”, “us” and “our” refers to Deccan Health Care Limited. Unless otherwise stated or the context otherwise requires, the financial information used in this section is derived from our Restated Financial Statements.

### OVERVIEW

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

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

We mainly develop and market differentiated healthcare products specializing in nutraceutical and cosmeceutical products, which we commercialize through different revenue channels that takes the products solutions to the consumers which includes network of distributors, marketing agents, direct to consumers and e-commerce channel for our domestic sales. The Company is not required to maintain bifurcation of sales in the category of distributors, marketing agents, direct to consumers and e-commerce channel for domestic sales. We have a training centre for our marketing agents wherein we train them about our business model and offer them various schemes and incentives to market our products. As on date of this Red Herring Prospectus, we have 140 distributors and around 6,100 marketing agents. We have also set up our own portal for commercialisation of our products and their distribution through e-commerce. The online portal for e-commerce are [www.beyoungstore.com](http://www.beyoungstore.com) and [www.deccanhealthcare.co.in](http://www.deccanhealthcare.co.in). Our Company has been receiving encouraging response in this direction from consumers. We have a PAN India presence in domestic markets. To expand our reach, we have

also entered into 2 distributorship agreements with foreign distributors situated in Kenya and Tanzania respectively.

Our Promoters, Minto Gupta and Hitesh Patel have played an instrumental role in the growth of our Company. Our promoter Minto Gupta has been associated with our Company since incorporation and our Company may be rightly called the brainchild of Minto Gupta. He is the guiding force behind the research and development capabilities of our Company and under his guidance we have been able to successfully execute our business strategies over the years. With his expertise and knowledge, our Company has been able to generate a new source of revenue i.e. R&D development or transfer as per requirements of our customers. Our other promoter Hitesh Patel joined hands with our Company in 2008 and has since then headed the Company for organic and strategic growth by tapping the expansion opportunities available at different phases of our business cycle. With our experienced and dedicated management, we have recorded an annual turnover of Rs. 3,976.07 lakhs in 2018 from Rs. 704.68 lakhs in the year 2014. The said growth was achieved despite our manufacturing unit facing a natural calamity in 2013 which took a span of time for revival.

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

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

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

## **OUR COMPETITIVE STRENGTHS**

### **1. Experienced core management team:**

We benefit from an experienced management in the healthcare industry, which we believe will be important in executing our growth strategy, including organic expansion projects. Our management team is composed of directors and senior officers with an experience ranging from 5-30 years in healthcare industry. With the experience of our management and under their leadership we have grown rapidly over the last several years and increased our operations. Our Promoter Minto Gupta has an experience of more than three decades in this industry and has been the backbone of research and development domain for our Company. For further details, see “*Our Management*” on page 174 of the Red Herring Prospectus. Our management team’s experience and their understanding of the healthcare industry enable us to continue to take advantage of both current and future market opportunities.

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

Our business has demonstrated over the last three Fiscal Years attractive financial performance. From Fiscal Year 2016 to 2018, our total revenue grew from Rs. 1,615.92 lakhs to Rs. 3,947.88 lakhs, representing a CAGR of 56.30%; our EBITDA grew from Rs. 617.83 lakhs to Rs. 1,543.37 lakhs, representing a CAGR of 58.05%; our EBITDA margin grew from 38.23% to 39.09%; and our profit/(loss) for the year grew from Rs. 354.21 lakhs to Rs. 1,268.78 lakhs, representing a CAGR of 89.26%. Our financial performance is due principally to (i) the growth of our expansion of our product portfolio (ii) improvements in our operating efficiency, including management of costs and expenses, (iii) employing new methods of our product distribution. Further our unit is situated at SIDCUL and is entitled to various direct and indirect taxation benefits. For further details, please refer chapter titled “*Statement of Special Tax Benefits*” beginning on page 105 of the Red Herring Prospectus.

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

We are one of the few companies in India having a comprehensive range of Nutraceutical products. Our manufacturing plant can produce multiple products using a combination of processes. The flexible manufacturing infrastructure helps us to change our product mix in response to changes in customer demand. We have infrastructure for process research labs and scale up and have been able to develop efficient and cost effective processes. Our emphasis on research and development has enabled us to

devise our own process technologies and expand our scientific and engineering capabilities. We also share our research and development discoveries with clients on a commercial basis and have been receiving encouraging response in this direction. Since inception, our unique formulas and brands go through various creation steps i.e development from an idea to market maturity. In 2017, we were one of the first company to make ready-to-eat healthy lifestyle food meals – i.e. Stay Young Jeevan 75 Slim Meal and Stay Young meal for Diabetic – innovated as a complete nutritional solution. Our R&D division is led by our Promoter Minto Gupta who is a well known scientist in the field of nutrition. He is supported by 4 other doctorates and a network of emerging scientists who contribute by way of offering innovative solutions. We believe that continued focus on research & development will enable us to further develop new processes and products and take our Company to next level.

#### **4. Product Range**

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

#### **5. Quality assurance**

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

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

We have been supplying products on PAN India basis and hence are not dependent on any particular region. Our widespread domestic presence not only mitigates the risk of dependence on few regions but also helps us to leverage our brand value. For our distribution channel, we have 140 distributors and 6,100 well trained marketing agents. We also have our own portal for sale of products through e-commerce medium. We have also initiated tie ups with international distributors to expand our international reach.

### **BUSINESS STRATEGY**

#### **1. Create a global presence**

Currently we undertake both direct and deemed exports. However our revenue from export operations is not contributing significantly to our total revenue from operations. Our strategy to expand our export sales includes appointment of local distributors in different countries to market our products, reach out to foreign consumers through e-commerce, form important relationships with companies with strong local presence, develop products as per international markets needs, etc. We have already taken initiatives in direction by appointing distributors in Tanzania and Kenya. We are also developing a website specifically for serving international customers.

## **2. Make optimum utilization of our production capacity**

At present we have different installed manufacturing capacities for different types of products. Due to certain manual and semi-automated processes and limited capacity of certain ancillary machineries; we are unable to make optimum utilization of our production capacity. We intend to upgrade our existing facility by purchasing certain machineries such as packing, testing machineries and consequently increase our product capacity utilization. With the installation of new machineries, we aim to enhance our product capacity utilization. We believe that we can create sufficient demand to absorb a higher production scale. For further details, please refer the chapter titled “Objects of the Offer” beginning on page 93 of this Red Herring Prospectus.

## **3. Increase sales through e-commerce medium**

Leveraging the m-Health space and e-commerce platform has become an important distribution medium in healthcare sector. As the sector matures, it is believed that e-commerce platform and e-communications would likely become the next major theme of product distribution and may have a profound impact on the entire healthcare industry and its supply chain. We have already developed few websites through which we sell our products. Our Company through e-commerce medium, aims to bridge the gap between our Company and the consumers. We aim to widen our geographical reach and leverage our brand name by strengthening and investing in our e-commerce distribution model.

## **4. Investment in R&D driving sustainable growth.**

We intend to continue to drive our R&D initiatives towards the development of innovative formulations for our domestic and international market. Our primary focus is to research and innovate new formulations to increase the portfolio of our products, so that the Company can get a competitive edge over its peers. We also intend to improve our R&D capabilities, with a focus on capturing more high-value first-to-market opportunities in key international markets, as well as leveraging our broad product basket to enhance our market position globally.

## **5. Widen our product range and capitalize on emerging Nutraceutical sector**

At Deccan Health Care, we believe that every person should get their right to have a good health. Our Company continuously strives to manufacture products which are healthy and consumption of which do not cause any issues. Our Company believes in the philosophy of “Stay Young Stay Wow” and “MND Hatao Khushiya Lao” and develop more products to serve customers at large. With increasing awareness about healthy lifestyle, greater desire for wellness, we believe that this sector has huge growth opportunities and by offering diverse and innovative products, based on consumer requirements we aim to capitalize on such growth opportunities.

## **6. Improve operational efficiencies**

We will continue to focus on further increasing our operations and improving operational effectiveness at our production facilities. Higher operational effectiveness results in greater production volumes and higher sales, and therefore allows us to spread fixed costs over a higher number of units sold, thereby increasing profit margins. We shall continue to focus on investing in automation, modern technology and equipment to continually upgrade our products including the quality of our products to address changing customer preferences as well as to improve operational efficiency. We continue to target economies of scale to gain increased negotiating power on procurement and to realize cost savings through centralized deployment and management of production, maintenance, accounting and other support functions.

## **PLANT & MACHINERY**

Following is the list of quotations received from suppliers for installation of plant and machinery for the existing project of setting up of new manufacturing facility;

<b>Sr. No.</b>	<b>Description of Plant &amp; Machinery and Civil Works</b>	<b>No. of Units</b>
1	Sugar Melting Tank - SS 304	1
2	Spreader Box Heater	1
	Segment Heater	1
	Oil Roller Sleeves	1

Sr. No.	Description of Plant & Machinery and Civil Works	No. of Units
3	Arbes Gelatin Recivers-300 KG	1
	Arbes Medicine Recivers-300 KG	1
	Softgel Drying Trays	500
	Trolley for Trays	10
4	Digital Thermo Hygrometer with clock & probe	25
5	Gelatin Holding Tank 400 LTR	4
	Medicine Holding Tank-60 LTR	2
	Trolley for Drying Tray	10
6	Medicine Filling Pump Assembly (12MM Plunger)	2
	Silicone band heater (3M)	2
	Wedge Heater	1
	Spreader Box Heater	2
	Oil Pump	2
	Oil Roller (Filter)	2
	Stripper Roller Brush	2
	Ribbon Thickness Gauge	3
	Cam Bushing Bol, Bushing & Nut	20
	06 Oval Die Roll ( complete set )	1
	12 Oval Die Roll ( complete set )	1
	18 Oblong Die Roll ( complete set )	1
	22 Oblong Die Roll ( complete set )	1
	Packing Cost	1
7	180 TR Water Cooled Chiller	1
	Accessories Providing & fixing	1
	Electrical Works	NA
8	Automatic Four Head Capping Machine Change Part 300 ml	1
9	Sewage Treatment Plant of 15 KL	1
10	Mini Fogging Machine	1
11	Almicro Digital Ph Meter	1
	Almicro Conductivity Meter	1
	Almicro Research Inclined Binocular Microscope	1
	Almicro Laminar Air Flow S.S. Cabinet Size-3x2x2 Feet complete Stainless Steel	1
12	Blister Packing Machine Alu-Alu with additional accessories	1
13	Stainless Steel Belt Conveyor	6
14	Microbial Air Sampler	1
15	Civil Work	NA

For further details, refer to Objects of the offer at page no 93 of this Red Herring Prospectus.

## **BUSINESS PROCESS**

Our business revolves around studying the needs of our clients and supplying products:

### **1. Identification of current market requirement and emerging diseases:-**

Our Company strives hard to be updated and constantly figuring out the medicines required for the diseases impacting the public health. Based on the market demands, our team work on the nutrients required, we research, develop and plan our product range accordingly.

### **2. Procurement and manufacture:**



We manufacture products as per the market analyses and consumer demand. We are guided by our Promoter Minto Gupta who is supported by a team of other doctorates to develop various formulations. We procure the required raw materials and manufacture in accordance with GMP.

### 3. Distribution:

We distribute our products through different channels and depending upon the nature of product, end users, we decide on the distribution and marketing strategy.

## OUR MANUFACTURING FACILITY AND PROCESS

Details of our manufacturing facility are as under:

<b>Plant Location</b>	Plot No. 13, Sector 03, Industrial Area, IIE Pant Nagar, U. S. Nagar District, Uttarakhand	
<b>Plant Area</b>	Admeasures 3536.32 sq. mt.	
<b>Infrastructure</b>	Well equipped with computer systems, internet connectivity, other communication equipment, security and other facilities, which are required for our business operations to function smoothly. Our manufacturing facility is equipped with requisite plant & machineries and resources.	
<b>Utilities</b>	<p><b>Power:</b> Electricity is availed from Uttarakhand Power Corporation Limited. The contracted demand at our manufacturing facility is 400 MU.</p> <p><b>Water supply:</b> Tube wells, Under Ground Storage Tank, Over Head Tank. RO water purification plant and water softener ETP Heating</p> <p><b>Temperature Controller:</b> Ventilation and Air Conditioning (HVAC) system</p> <p><b>Fuel:</b> It is met by purchasing from a nearby fuel station located adjacent to our facility.</p>	
<b>Capabilities</b>	Softgels, Hardgels, Tablets, Creams and Lotions, Liquids, Powders, Pastes, Special dosages	
<b>Installed Capacity*</b>	<b>Particulars</b>	<b>Production Capacity at present (Quantity Per Month)</b>
	Capsules	12,16,66,667
	Liquids (Syrup) Bottles	6,08,333
	Lotions	60,833
	Ointments	1,52,083
	Soft Gelatin Capsules	45,62,50,000
	Tablets	2,43,33,333
<b>Approvals</b>	CGMP, FSSAI (under renewal), UK Certified WHO-GMP++, EQFS Certification, German Certification, ICM certification, USP Registered	
<b>Employees</b>	Around 160 employees (including employees at registered office); Also we employ contract labourers and temporary labourers as per requirement	

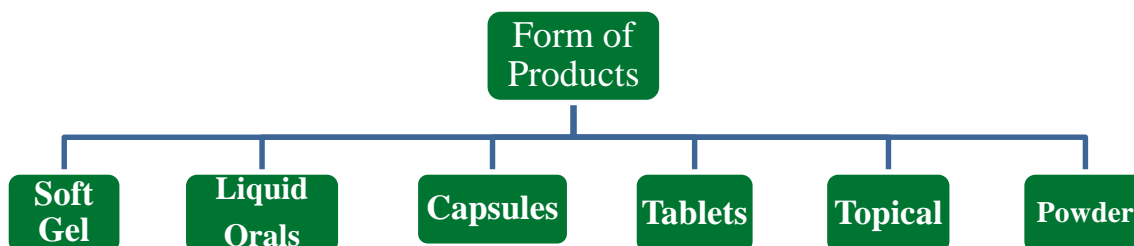
**\*Note: The Company has not been maintaining capacity utilisation data as it is difficult to maintain product form wise, similarly as there are varied type of forms it cannot estimate production capacity for future years .**

### Infrastructure Facilities at our registered office

Our registered office is well equipped with computer systems, internet connectivity, other communication equipment, security and other facilities, which are required for our business operations to function smoothly.

## OUR FORM OF PRODUCTS

Our prime motive is to eradicate Micro Nutrition deficiency and also to prevent Micro Nutrition Deficiency based health issues. The products manufactured by us can be categorised as below:-



Our product manufacturing process starts with procurement of right quality ingredients. We utilise over 4000 different types of ingredients which are procured from various vendors, stored and used for manufacturing products. These ingredients are classified as herbal, natural ingredients, processed ingredients, synthetic ingredients, organic ingredients, inorganic ingredients extracts, raw crush, oils, flavours, tastemakers, natural colours, fragrance and packing materials. The quality parameters of ingredients used for a product are set by R&D during the process of development of the product. The natural organic herbal extracts ingredients procurement process starts from the fields. Medicinal plants are cultivated selectively and to our requirements. The other ingredients required are mostly available in abundance of the shelf of vendors catering to food industry and manufacturers of food ingredients.

The ingredients are stored in required prescribed storage conditions at the factory. Based on the market requirement and orders of the Finished FMCH products the production order is released by the unit head. The production process from here is SOP (Standard Operating Procedures) driven.

These SOP's are designed by R&D during development and batch scale up of the FMCH products for commercial production. As per the SOP of the product to be manufactured, the ingredients are dispensed, under strict vigil of Quality Assurance, Production manager and Quality control personnel. These dispensed ingredients then move to the specific sections where the next steps of manufacturing take place as per SOP of that product.

#### **Section – Soft Gel:**

This dosage form is a solid dosage form containing liquids, paste, oils and other ingredients mostly with essential oils. High technology equipment and dedicated workforce are essential to operate this section. The first part of the process involves preparation and cooking of gel mass for the shell of the soft gel. The shell ingredients are loaded into the two 650 kg vessels which are specially fabricated cooking vessel with thermostatic control and mixing facility of very high viscosity ingredients. The batch cooking process lasts for 3-4 hours. While the shell cooking is going on some of the food ingredients are processed through triple roller grinder; homogeniser; palnetry mixer and other processing and filtration equipment and kept ready for filling. The processed food ingredients and the cooked shell mass are loaded on the imported encapsulation machines where the shell formation and food ingredient are converted into a consumable soft gel capsule. Various size and colour options make the process complicated.

The semi dry soft gel passes through quality control parameters confirming efficacy and safety. The drying process is under rigid conditions of temperature and humidity, a process that can take unto 72 hours and considered as approved once the moisture content reaches the specified limit as prescribed by the R&D SOP for the product. Heavy duty drying equipment is installed to service the drying rooms and maintaining the rigid required conditions 24x7 for drying soft gels. Each soft gel is inspected for conformity of shape; size leakage if any. The soft gels are processed for hygiene and the final approved capsules are quarantined for a specific period, then passed through stringent quality checks as prescribed and then packed as per SOP. The finished product is quarantined and tested before release to the commercial sales store.

#### **Section – Liquid Orals:**

The quality of water used is critical for maintaining the quality of the finished product. Our water treatment plant of 10,000 litres with ultra-purified USP grade water running 24x7 through special grade steel pipes feed the liquid section with the water required. The food ingredients are pre-prepared in special steel vessels and diluted with water, mixed, stirred, homogenised as a continuous process as per R&D provided SOP are filtered using the filtration unit and filled into pre-cleaned sterilized, microbe and contamination less bottles as per the specified volumes and instantly capped. The process Quality checks are performed as per R&D SOP. The finished product is quarantined and tested before release to the commercial sales store.

#### **Section – Hard Shell Capsules:**

Automatic capsule filling machine is used which is suitable for filling powders and pellets. The machine is functional in use as they have capabilities for output and are have handy operations. It conforms to the GMP guidelines with various safety features for maximum protection. Capsule fillers are used to fill the preformed capsules with pre-determined quantity of ingredients. Capsules are fed into the machine, the filler then align, opens and accurately fills each capsule and recloses. Fillers generate minimum dust with lowest level of product loss. Non-separated, double loaded capsules and improperly inserted capsules are automatically rejected by the machines to maintain the consistency in the quality of product. Most capsule fillers are characterized with fast changeover time to accommodate a variety of capsules in terms of shapes and size. These machines require minimal maintenance and are easy to clean. The speed adjusting equipment and automatic counters ensures the right quantity of capsules being filled and packed. The SOP provided by the R&D is strictly adhered to maintain product quality. The final product is quarantined and quality checked before release to commercial sales store.

#### **Section – Tablets:**

The manufacture of tablets is a complex multi-stage process under which the materials change their physical characteristics a number of times before the final dosage form is produced. The tablets are made by granulation; wet granulation and dry granulation. Regardless of whether tablets are made by direct compression or granulation, the steps of milling and mixing, is the same. Numerous unit processes are involved in making tablets, including particle size reduction and sizing, blending, granulation, drying, compaction, and (frequently) coating. Various factors associated with these processes can seriously affect content uniformity, bioavailability and stability. As making tablets is a complex process adherence to R&D provided SOP is very important to maintain quality of food pills. The final product is quarantined and quality checked packed and release to commercial sales store.

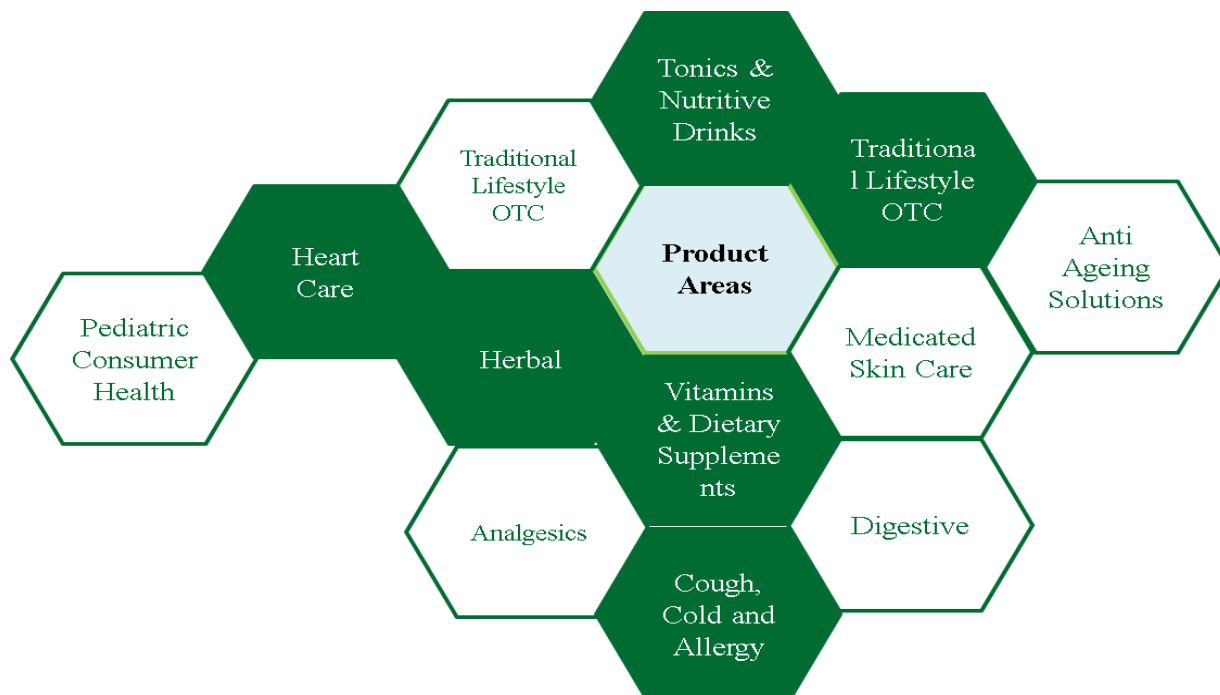
#### **Section – Topical:**

Highly sensitive cosmeceutical preparations, allergy free, without preservatives, in various forms are manufactured in this section. Gels, lotion, creams, paste, ointment and oral paint is manufactured using high tech equipment. The process constitutes of homogenous mixing of ingredients with continuous stirring. As the product reaches the required consistency the deliration process is applied, brought to room temperature filtered and packed. The final product is quarantined and quality checked before release to commercial sales store.

#### **Section – Powder:**

All ingredients are shifted then dry mixed in cone blender, homogenised, and sterilised. The powder products are stored and packed in oxygen and moisture less inert conditions to prevent oxidation of ingredients and maintain the shelf life of the product then product passes thru stringent quality checks as prescribed and then packed as per SOP. The finished product is quarantined and tested before release to the commercial sales store.

## PRODUCT RANGE OF OUR COMPANY



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

Product Areas	Our Sample Products
OTC	<ul style="list-style-type: none"> <li>• Mosquito Repellent</li> </ul>
Vitamins & Dietary Supplements	<ul style="list-style-type: none"> <li>• My-75 micronutrients</li> <li>• Enrich</li> <li>• Nu-vit</li> <li>• Gemcaldecc</li> </ul>
Medicated Skin Care	<ul style="list-style-type: none"> <li>• AloFlax Veg Caps</li> <li>• BE YOUNG - CELEBRITY Deep Pore Moisturizing Milk</li> <li>• O7 Nutressential</li> <li>• DSK Cream</li> <li>• BE YOUNG - CELEBRITY Under Eye Whitening &amp; De-wrinkling Cream</li> </ul>
Digestive	<ul style="list-style-type: none"> <li>• Super digestive system</li> </ul>
Cough, Cold and Allergy	<ul style="list-style-type: none"> <li>• Coldecc</li> </ul>
Weight Management	<ul style="list-style-type: none"> <li>• Goslim Fast</li> <li>• Goslim Fast Meal</li> </ul>
Herbal	<ul style="list-style-type: none"> <li>• Respidecc</li> <li>• Ginkodecc</li> <li>• Prostadecc</li> <li>• Relaxdecc</li> </ul>
Heart Care	<ul style="list-style-type: none"> <li>• BE YOUNG - Lower Cholesterol Food Pills</li> <li>• CardioDecc</li> <li>• NitroDecc</li> <li>• OmegaMax Total</li> </ul>
Hair Care	<ul style="list-style-type: none"> <li>• BE YOUNG- CELEBRITY Hair Scalp Cleanser</li> <li>• BE YOUNG- CELEBRITY Hair Growth Serum</li> <li>• BE YOUNG - Reduce Hair Fall Food Pills</li> </ul>
Anti Ageing Solutions	<ul style="list-style-type: none"> <li>• Oxyflax ISB</li> </ul>

Product Areas	Our Sample Products
	<ul style="list-style-type: none"> <li>• Oxyflax Global</li> <li>• O3D3</li> <li>• Neurovit MC</li> </ul>

### Our Brands

Some of our well known brands are:



## Our Major Innovations



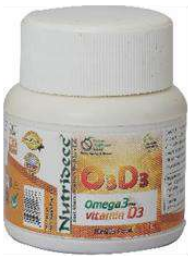
### Lotorin™

Helps lowering of Homocystine levels and augments the role of Omega 3 in protecting the heart and reducing risk of heart disease.



### Reduce Hairfall™

Hair loss is a great concern of this millennium essential nutrients to strengthen hair roots is the essence of the reduce hair loss product.



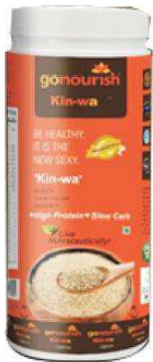
### O3D3™

Deficiency of Vitamin D is rampant and the best way to deliver Vitamin D is with Omega 3. FMCH product O3D3™ helps alleviate deficiency of Vitamin D and with omega 3 this fat soluble vitamin is best absorbed and becomes useful to the body.



### LIGNOFLAX™

Provides micronutrient lignans that have the highest ORAC value and are potent gut cleansers and hormone activity balancers especially balancing the negative role of estrogens. It is an old saying that a clean stomach and gut is a way to healthy life.



### Kin-wa Plus™

Ideal food for men women children of all ages seeking good health; Sports persons; body builders; weight watchers; for muscle gain as it is a complete source of high quality veg protein containing all 9 amino acids including the rare lysine and isoleucine.

### My 75 micronutrients

For the first time innovated in a single simple to take food pill with breakfast is My 75 micronutrients food pill



with all known vitamins, minerals, bio nutrients and amino acid to help meet Required Daily Amount that run body's chemistry.

### Stay Young Jeevan 75- Protein Shake™



The protein shake with 75 micronutrients is a complete protein shake innovative as compared to others. Formulated with 7gm of 80% concentration protein per 15m of powder containing 75 vital micronutrients another first from DHC to make a position in in Rs.4 billion protein market.

### Stay Young Jeevan 75- Slim Meal™

Today over 50% of population is fighting the obesity battle. Serving the market for a meal that provides all essential nutrients in 1000 Kcal and meets RDA of all essential nutrients, our nutrient rich low calorie Slim Meal with

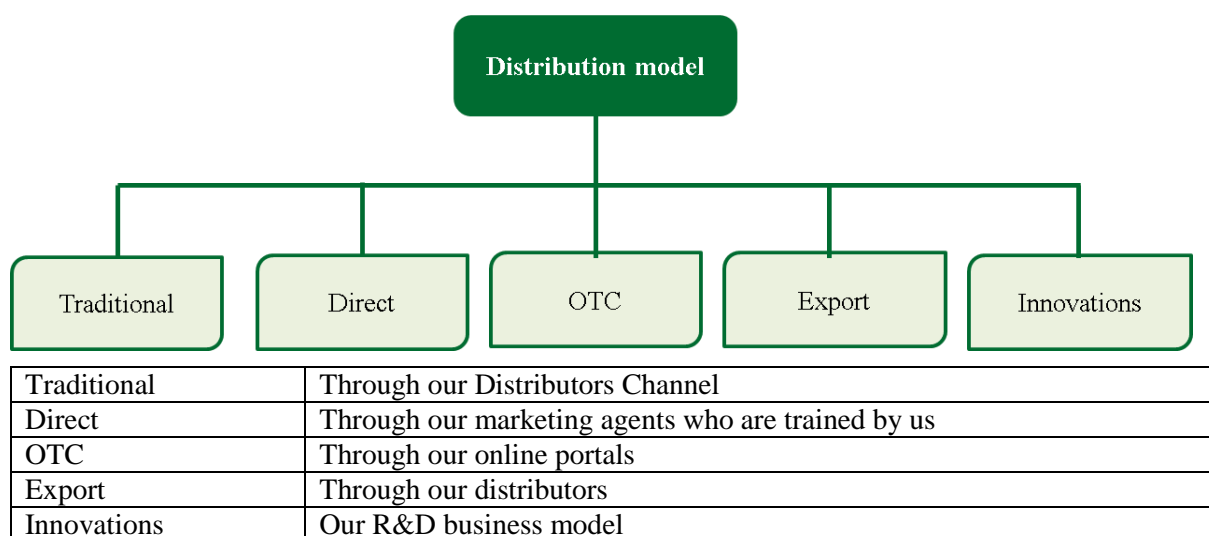


goodness of super food Quinoa is fortified with Moong dal and 75 other essential micronutrients. Consuming 4 meals a day, each meal of 60 gm, ready to eat, gives just 250 Kcal keeping you feel full.

## Raw Materials

Raw materials essential to our business are procured in the ordinary course of business from numerous suppliers. We utilise over 4000 different types of ingredients which are procured from various vendors, stored and used for manufacturing products. These ingredients are classified as herbal, natural ingredients, processed ingredients, synthetic ingredients, organic ingredients, inorganic ingredients extracts, raw crush, oils, flavours, tastemakers, natural colours, fragrance and packing materials. The quality parameters of ingredients used for a product are set by R&D during the process of development of the product. The natural organic herbal extracts ingredients procurement process starts from the fields. Medicinal plants are cultivated selectively and to our requirements. The other ingredients required are mostly available in abundance of the shelf of vendors catering to food industry and manufacturers of food ingredients. We carefully assess the reliability of all materials purchased to ensure that they comply with the desired quality and safety standards required for our products.

## SALES & MARKETING STRATEGY

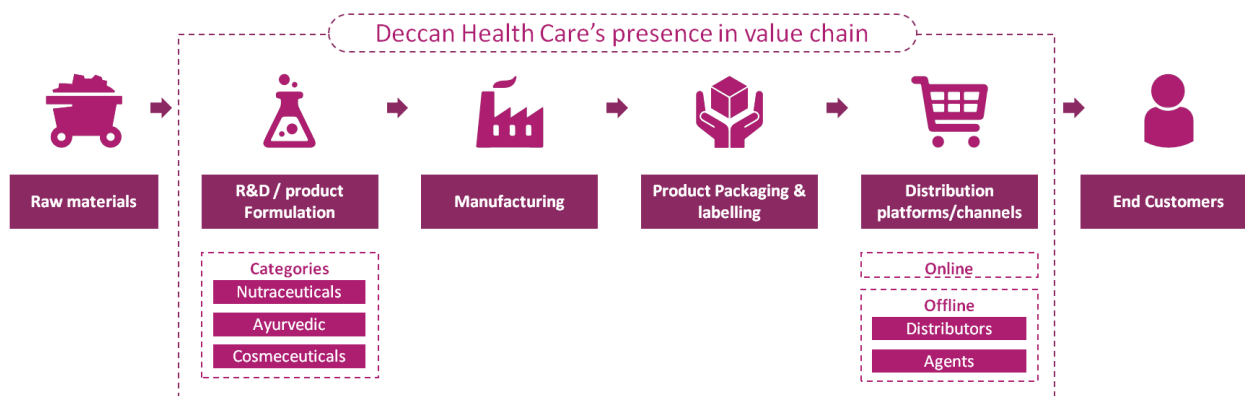


The efficiency of the marketing and sales network is critical success of our Company. Our Company has set up distributors at various locations for promoting our products. Further our Company also trains persons who are from other regions for spreading awareness about the requirement of nutrients and also promoting the products. We have also developed our online sales portal. Our team through their experience and rapport with distributors at various locations owing to timely and quality delivery of service plays an instrumental role in creating and expanding a work platform for our Company.

We believe our relationship with our distributors is cordial and established as we receive repeat order flows. To retain our distributors, our team regularly interacts with them and focuses on gaining an insight into the additional needs of customers. We intend to expand our existing customer base by reaching out to other geographical areas. Our marketing team is ready to take up challenges so as to scale new heights. We also undertake print and commercial advertising in order to promote our products.

## BUSINESS VALUE CHAIN

Our business model is growing up as an online platform for FMCH products along with PAN India physical presence with the objectives of backward integration of manufacturing and R&D and forward integration of online sale services.



The presence across value chain viz. R&D, manufacturing, branding and distribution empowers our company with better pricing power, superior cost control and leveraging data for decision making across various points of the value chain. These unique factors have helped the company to deliver a superior margin profile as visible from the company's financial performance from FY15 till date.

The company is increasingly focusing on online platforms. The online sales and distribution platforms have significant benefits over offline channels viz.

1. Moderation in debtor days
2. Lower overhead expenses, better capacity utilization leading to superior margins and return profile
3. Wider reach leading to opening of newer geographical markets

## OUR DOMESTIC PRESENCE

Following is the details of our Company's State wise Domestic Presence as on Period ended June 30, 2018:

S. No.	Particulars	Amount (Rs. In Lakhs)	Percentage
1.	Maharashtra	151.85	17.76
2.	Delhi	203.66	23.82
3.	Uttrakhand	52.38	6.13
4.	West Bengal	38.16	4.46
5.	Uttar Pradesh	68.43	8.00
6.	Madhya Pradesh	50.41	5.90
7.	Odisha	17.82	2.08
8.	Bihar	44.21	5.17
9.	Chandigarh	31.28	3.66
10.	Andhra Pradesh	53.16	6.22
11.	Assam	37.57	4.39
12.	Jammu and Kashmir	24.34	2.85
13.	Haryana	14.07	1.65
14.	Others	67.56	7.90
	<b>Total</b>	<b>854.89*</b>	<b>100.00</b>

\*includes deemed export (to Nepal) of Rs. 1.77 Lakhs

## SWOT ANALYSIS

Strengths	Weakness
<ul style="list-style-type: none"> <li>➤ In depth knowledge of promoter of industry and their experience</li> <li>➤ Track record of Company for 20 years indicates its ability to survive business and economic cycles</li> </ul>	<ul style="list-style-type: none"> <li>➤ Intense competition from several unorganized players</li> <li>➤ Lack of awareness among consumers</li> </ul>



➤ Diverse customer base, varied product range and wide spread reach	
<b>Opportunity</b>	<b>Threats</b>
<ul style="list-style-type: none"> <li>➤ The growth of middle class has resulted in fast changing lifestyle. This has resulted creation of huge markets for lifestyle drugs, which has very low contribution in the Indian Market</li> <li>➤ Capitalise unutilized capacity</li> <li>➤ Exploring E-commerce</li> </ul>	<ul style="list-style-type: none"> <li>➤ Change in regulatory norms in our country/ exporting countries</li> <li>➤ Malpractices by some players in industry affect overall performance of emerging companies</li> </ul>

## COLLABORATIONS

As on date of this Red Herring Prospectus, Our Company has not entered into any Collaboration / Tie Ups / Joint Ventures.

## HUMAN RESOURCES

We believe that our employees are key contributors to our business success. We focus on attracting and retaining the best possible talent. Our Company looks for specific skill-sets, interests and background that would be an asset for our business.

As at March 31, 2018, we have 160 employees at our manufacturing facility and registered office. These employees look after our manufacturing operations including production, quality controls, technical and engineering support services, stores and administration, marketing, administration, accounting, secretarial and other functions. Apart from these we also use contract labour services and employ temporary labour on need basis. All these employees are guided and supervised by our directors. Our manpower is a prudent mix of the experienced and youth which gives us the dual advantage of stability and growth. Our work progress and skilled/ semi-skilled/ unskilled resources together with our strong management team have enabled us to successfully implement our growth plans.

## COMPETITION

Our Company operates in the healthcare sector which faces competition from domestic as well as international players. Competition emerges from both organized and unorganized sector. The primary competitive factors consist of quality, price, size of product portfolio and customer service. Moreover, as we seek to diversify into new geographical areas globally, we may face competition from local companies, multinational corporations and companies from other emerging markets operating in such markets.

We compete with our competitors on the basis of product quality, brand image, price and reliability. We continuously strive to increase our distribution channel to increase our domestic presence and for increasing our global reach. We intend to continue compete vigorously to capture more market share and manage our growth in an optimal way by improving our brand image, increase our product offerings, satisfying customer's demands, achieving operating efficiencies, etc.

We see our self competing with Zydus Wellness Limited which is our comparable peer listed on BSE Limited and National Stock Exchange of India Limited.

## INSURANCE POLICIES

Our Company has insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our operations and which we believe is in accordance with the industry standards. Further, our contractual obligations to our lenders also require us to obtain specific insurance policies.

We have taken Standard Fire & Special Perils Insurance Policy for a substantial majority of our assets at our factory details of which are mentioned below. This policy also insures us against the risk of earthquake (fire and shock). Our policies are subject to customary exclusions and customary deductibles.

S.No.	Nature of Policy	Location of Risk	Policy No.	Premium (Rs.in Lakhs)	Coverage (Rs in Lakhs.)	Expiry date
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1	Standard Fire and Special Perils	3 – 13, SIDCUL, IIE, Pantnagar, Udham Singh Nagar, Uttarakhal - 262401	1001/146492743/00/000	1.49	2805.00	March 21, 2019
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We believe that our insurance coverage is adequate for our business needs and operations. We will continue to review our policies to ensure adequate insurance coverage is maintained.

#### END USERS

Our end users are individual consumers, who consumer our products for their health benefits.

#### EXPORT AND EXPORT OBLIGATIONS

As on the date of this Red Herring Prospectus, our Company does not have any export obligations.

#### OUR PROPERTIES

We have our properties located at following:

- Owned Properties:**

Sr. No.	Address of the Property	Area of the Property	Usage
1.	Plot No. 13, Sector 03, Industrial Area, IIE Pantnagar, U.S. Nagar District, Uttarakhand	3,536.32 Sq. Mts	Manufacturing Unit

- Leased/Licensed Properties:**



Sr. No.	Name of the Lessor / Licensor	Name of the Lessee / Licensee	Address of the Property	Period of Agreement	Consideration	Usage
1.	K. Sudhir	Deccan Health Care Private limited through RVS Uma maheshwara Rao	247, 2 <sup>nd</sup> Floor, Dwarakapuri Colony, Punjagutta, Hyderabad - 500082, Telangana, India	Three years beginning from January 01, 2016	Rs. 20,420 monthly rent	Registered Office
2.	Trinder Pal Singh	Deccan Health Care limited	Villa F – 19, Ground Floor, Metropolis city, Rudrapur, Dist. Udham Singh Nagar, Uttarakhand	11 Months beginning from March 21, 2018	Rs. 8,000 monthly rent along with Rs. 8,500 as interest free Security Deposit	Guest House
3	Simmy Sethia	Deccan Health Care limited	Villa No. G – 05, Metropolice City, Pantnagar, Dist – U.S.Nagar	11 Months beginning from March 21, 2018	Rs. 25,000 monthly rent along with Rs. 25,000 as interest free Security Deposit	Guest House

Sr. No.	Name of the Lessor / Licensor	Name of the Lessee / Licensee	Address of the Property	Period of Agreement	Consideration	Usage
4	Paramjit Kaur	Deccan Health Care limited	Villa F – 19, First Floor, Metropolis city, Rudrapur, Dist. Udham Singh Nagar, Uttarakhand	11 Months beginning from March 21, 2018	Rs. 7,275 monthly rent along with Rs. 8,500 as interest free Security Deposit	Guest House

### INTELLECTUAL PROPERTY RIGHTS

We have applied for registration of the following Trademarks with the Trademarks Registry, Government of India. The details of trademark applications are as under:

Sr. No.	Trademark	Trademark Type	Classes	Applicant	Application No.	Date of Application	Validity/ Renewal	Registration status
1.	OXY FLAX	Word	30	Deccan Health Care Limited	1681462	April 29, 2008	April 29, 2028	Registered
2.	NUTRI DECC	Word	30	Deccan Health Care Private Limited	2016229	August 30, 2010	August 30, 2020	Registered
3.	NEUROVIT MC	Word	30	Deccan Health Care Limited	1708312	July 09, 2008	July 09, 2028	Registered
4.	LYCO CARE	Word	30	Deccan Health Care Limited	1708310	July 09, 2008	July 09, 2028	Registered
5		Device	30	Deccan Health Care Private Limited	2148494	May 23, 2011	May 23, 2021	Registered
6		Device	5	Deccan Health Care Limited	1939011	March 19, 2010	March 19, 2020	Registered
7		Device	30	Deccan Health Care Private Limited	2178651	July 21, 2011	July 21, 2021	Registered

Sr. No.	Trademark	Trademark Type	Classes	Applicant	Application No.	Date of Application	Validity/Renewal	Registration status
8		Device	5	Deccan Health Care Private Limited	2148495	May 23, 2011	May 23, 2021	Registered
9	OXY FLAX	Word	5	Deccan Health Care Limited	1674942	April 11, 2008	April 11, 2028	Registered
10		Device	99	Deccan Health Care Private Limited	3595626	-	-	Objected

## **KEY INDUSTRY REGULATIONS AND POLICIES**

Except as otherwise specified in this Red Herring Prospectus, the Companies Act, 1956 / the Companies Act, 2013, We are subject to a number of central and state legislations which regulate substantive and procedural aspects of our business. Additionally, our operations require sanctions from the concerned authorities, under the relevant Central and State legislations and local bye-laws. The following is an overview of some of the important laws, policies and regulations which are pertinent to our business as a player in business of developing, manufacturing and marketing wellness products. Taxation statutes such as the I.T. Act, and applicable Labour laws, environmental laws, contractual laws, intellectual property laws as the case may be, apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. The regulations set out below may not be exhaustive, and are only intended to provide general information to Applicants and is neither designed nor intended to be a substitute for professional legal advice.

### **APPROVALS**

For the purpose of the business undertaken by our Company, our Company is required to comply with various laws, statutes, rules, regulations, executive orders, etc. that may be applicable from time to time. The details of such approvals have more particularly been described for your reference in the chapter titled “Government and Other Statutory Approvals” beginning on page number 259 of this Red Herring Prospectus.

### **APPLICABLE LAWS AND REGULATIONS**

#### **BUSINESS/TRADE RELATED LAWS/REGULATIONS**

##### **The Micro, Small and Medium Enterprises Development Act, 2006**

In order to promote and enhance the competitiveness of Micro, Small and Medium Enterprise (MSME) the act is enacted. A National Board shall be appointed and established by the Central Government for MSME enterprise with its head office at Delhi in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry mentioned in first schedule to Industries (Development and regulation) Act, 1951 as “micro enterprise”, where the investment in plant and machinery does not exceed twenty-five lakh rupees; “Small enterprise”, where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees; or a medium enterprise, where the investment in plant and machinery is more than five crore but does not exceed ten crore rupees and in the case of the enterprise engaged in the services, “Micro – enterprise”, where the investment in equipment does not exceed ten lakh rupees, “Small Enterprise” where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees, or “Medium Enterprise” where the investment in equipment is more than two crore rupees but does not exceed five crore rupees.

##### **Drugs and Cosmetics Act, 1940 (the “DCA”)**

The DCA acts as a regulator for import, manufacture, distribution and sale of drugs in India as well as aspects relating to labeling, packing, testing and licensing. Matters pertaining to drug formulations, biological and APIs are also governed by the DCA. Under the DCA, while regulation of manufacture, sale and distribution of drugs is primarily the responsibility of the state authorities, the central authorities are responsible for approval of new drugs, clinical trials, laying down standards, control over imported drugs and coordination of activities of state drug control organizations. These procedures involve obtaining a series of approvals for different stages at which drugs are tested, before the Drug Controller General of India (the “DCGI”), an authority constituted under the DCA, which is empowered to grant the final license to allow drugs to be manufactured and marketed. The Central Drugs Standard Control Organization (the “CDSCO”) is responsible for testing and approving APIs and formulations in consultation with the DCGI.

The DCA also regulates the import of drugs into India, and prohibits the import of certain categories of drugs into India, for instance (i) any drug which is not of standard quality, (ii) any misbranded drug, (iii) any adulterated or spurious drug, (iv) any drug for the import of which a licence is prescribed, otherwise than under, and in accordance with, such licence, (v) any patent or proprietary medicine, unless there is displayed in the prescribed manner on the label or container thereof the true formula or list of APIs contained in it together with the quantities thereof, (vi) any drug which by means of any

statement, design or device accompanying it or by any other means, purports or claims to cure or mitigate any such disease or ailment, or to have any such other effect, as may be prescribed, and (vii) any drug the import of which is prohibited under the DCA or the Drugs Rules. This restriction shall not apply, subject to prescribed conditions, to the import of small quantities of any drug for examination, testing, analysis or personal use. The Government of India may, after consultation with the Drugs Technical Advisory Board, by notification in the official gazette, permit, subject to any conditions specified in the notification, the import of any drug or class of drugs not being of standard quality. Further, if the GOI is satisfied that the use of any drug involves any risk to human beings or animals or that any drug does not have the therapeutic value claimed for it or contains ingredients and in such quantity for which there is no therapeutic justification and that in the public interest it is necessary or expedient so to do, it may, by notification in the official gazette, prohibit the import of such drug or cosmetic.

### **Essential Commodities Act, 1955 (the “ECA”)**

The ECA gives powers to the Government of India to, among other things, regulate production, distribution and quality of essential commodities including drugs, for maintaining or increasing supplies and for securing their equitable distribution and availability at fair prices. Using the powers under it, various ministries/departments of the Government have issued control orders for regulating production, distribution, quality aspects, movement and prices pertaining to the commodities which are essential and administered by them. The state governments have issued various control orders to regulate various aspects of trading in essential commodities.

### **Drug Policy, 2002**

The main objectives of the Drug Policy 2002 are several and include ensuring abundant availability at reasonable prices within the country of good quality essential pharmaceuticals of mass consumption. It also concentrates on strengthening the indigenous capability for cost effective quality production and exports of pharmaceuticals by reducing barriers to trade in the pharmaceutical sector and strengthening the system of quality control over drug and pharmaceutical production and distribution to make quality an essential attribute of the Indian pharmaceutical industry and promoting rational use of pharmaceuticals. The Policy further encourages the R&D in the pharmaceutical sector in a manner compatible with the country's needs and with particular focus on diseases endemic or relevant to India by creating an environment conducive to channelising a higher level of investment into R&D in pharmaceuticals in India. Creating an incentive framework for the pharmaceutical industry which promotes new investment into pharmaceutical industry and encourages the introduction of new technologies and new drugs is another important aspect which has been examined by this Policy.

### **The Drugs and Cosmetics Rules, 1945 (“DC Rules”)**

The Drugs and Cosmetics Rules, 1945 enacted to give effect to the provisions of the DCA to regulate the manufacture, distribution and sale of drugs and cosmetics in India. The DC Rules prescribe the procedure for submission of report to the Central Drugs Laboratory, of samples of drugs for analysis or test, the forms of Central Drugs Laboratory's reports thereon and the fees payable in respect of such reports. The DC Rules also prescribe the drugs or classes of drugs or cosmetics or classes of cosmetics for the import of which a licence is required, and prescribe the form and conditions of such licences, the authority empowered to issue the same and the fees payable therefore. The DC Rules provide for the cancellation or suspension of such licence in any case where any provisions or rule applicable to the import of drugs and cosmetic is contravened or any of the conditions subject to which the licence is issued is not complied with. The DC Rules further prescribe the manner of labeling and packaging of drugs. The DC Rules lay down the process mechanics and guidelines for clinical trial, including procedure for approval for clinical trials. Clinical trials require obtaining of free, informed and written consent from each study subject. The DC Rules also provide for compensation in case of injury or death caused during clinical trials. The Central Drugs Standard Control Organization has issued the guidance for industry for submission of clinical trial application for evaluating safety and efficacy, for the purpose of submission of clinical trial application as required under the DC Rules. The Indian Council of Medical Research has issued the Ethical Guidelines for Biomedical Research on Human Participants, 2006 which envisages that medical and related research using human beings as research participants must, necessarily, inter alia, ensure that the research is conducted in a manner conducive to, and consistent with, their dignity, well-being and under conditions of professional fair treatment and transparency. Further such research is subjected to evaluation at all stages of the same.

### **Good Manufacturing Practice Guidelines (GMP)**

These guidelines are provided under ‘Schedule T’ of Drug and Cosmetic Act, 1940. Good manufacturing practices (GMP) are the practices required in order to confirm the guidelines recommended by agencies that control authorization and licensing for manufacture and sale of food, drug products, and active pharmaceutical products. These guidelines provide minimum requirements that a pharmaceutical or a food product manufacturer must meet to assure that the products are of high quality and do not pose any risk to the consumer or public. Good manufacturing practices, along with good laboratory practices and good clinical practices, are overseen by regulatory agencies in various sectors in India.

### **Standards of Weights and Measures Act, 1976 and Standards of Weights and Measures (Packaged Commodities) Rules, 1977**

The Standards of Weights and Measures Act, 1976 aims at introducing standards in relation to weights and measures used in trade and commerce. The rules made thereunder, particularly the Standards of Weights and Measures (Packaged Commodities) Rules, 1977 lay down the norms to be followed, in the interests of consumer safety, when commodities are sold or distributed in packaged form in the course of inter-state trade or commerce. This Act and rules formulated thereunder regulate inter alia inter-state trade and commerce in weights and measures and commodities sold, distributed or supplied by weights or measures.

### **National Pharmaceuticals Pricing Policy, 2012 (the “2012 Policy”)**

The 2012 Policy replaces the drug policy of 1994 and presently seeks to lay down the principles for pricing of essential drugs specified in the National List of Essential Medicines – 2011 (“NLEM”) declared by the Ministry of Health and Family Welfare, Government of India and modified from time to time, so as to ensure the availability of such medicines at reasonable price, while providing sufficient opportunity for innovation and competition to support the growth of the Industry. The prices would be regulated based on the essential nature of the drugs rather than the economic criteria/market share principle adopted in the drug policy of 1994. Further, the 2012 Policy will regulate the price of formulations only, through market based pricing which is different from the earlier principle of cost based pricing. Accordingly, the formulations will be priced by fixing a ceiling price and the manufacturers of such drugs will be free to fix any price equal to or below the ceiling price.

### **Electricity Act, 2003 (the “Electricity Act”)**

The Electricity Act repealed all the earlier enactments pertaining to the power sector, and provides for the requirement of licenses or permission for the activity of generation of power. The Electricity Act mandates that all regulatory commissions should procure certain percentage of power generation from renewable energy sources by all distribution companies. The Electricity Act, inter alia, provides for regulatory interventions for promotion of renewable energy (RE) sources through a) determination of tariff; b) specifying renewable purchase obligation (RPO); c) facilitating grid connectivity and; d) promotion and development of market.

### **Food Safety and Standard Act, 2006**

The Food Safety and Standards Act, 2006 (the “FSSA”) was enacted on August 23, 2006 with a view to consolidate the laws relating to food and to establish the Food Safety and Standards Authority of India (the “Food Authority”) for setting out scientific standards for articles of food and to regulate their manufacture, storage, distribution, sale and import to ensure availability of safe and wholesome food for human consumption. The Food Authority is required to provide scientific advice and technical support to the Government of India and the state governments in framing the policy and rules relating to food safety and nutrition. The FSSA also sets out requirements for licensing and registering food businesses, general principles for food safety, and responsibilities of the food business operator and liability of manufacturers and sellers, and adjudication by ‘Food Safety Appellate Tribunal’.

In exercise of powers under the FSSA, the Food Authority has framed the Food Safety and Standards Rules, 2011 (the “FSSR”) which were notified in the Gazette of India dated May 5, 2011 and have been operative since August 5, 2011. The FSSR provides the procedure for registration and licensing process for food business and lays down detailed standards for various food products. The FSSR also sets out the enforcement structure of ‘commissioner of food safety’, ‘the food safety officer’ and ‘the food

analyst' and procedures of taking extracts, seizure, sampling and analysis. The FSSA lays down penalties for various offences (including recall procedures).

The Food Authority has also framed the following food safety and standards rules and regulations:

- Food Safety and Standards Rules, 2011
- Food Safety and Standards (Licensing and Registration of Food Businesses) Regulations, 2011;
- Food Safety and Standards (Packaging and Labelling) Regulations, 2011;
- Food Safety and Standards (Food Product Standards and Food Additives) Regulations, 2011;
- Food Safety and Standards (Prohibition and Restriction on Sales) Regulations, 2011;
- Food Safety and Standards (Contaminants, Toxins and Residues) Regulations, 2011; and
- Food Safety and Standards (Laboratory and Sampling Analysis) Regulations, 2011.
- Food Safety and Standards (Food or Health Supplements, Nutraceuticals, Food for Special Dietary Uses, Food for Special Medical Purposes, Functional Foods and Novel Foods) Regulations, 2016
- Food Safety and Standards (Food Recall Procedure) Regulations, 2017
- Food Safety and Standards (Import) Regulations, 2017
- Food Safety and Standards (Food Safety Auditing) Regulations, 2018

### **Legal Metrology Act, 2009**

An act to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matters incidental thereto. The part of metrology in relation to weighing and measuring units as well as methods of weighing and measuring instruments with the object of ensuring public guarantee and from the point of view of security and accuracy of weighing and measurement. Any weight or measure which conforms to the standard of such weight or measure and also conforms to such of the provisions of Sec. 7 as are applicable to it shall be the standard of weight or measure. Any numeral which conforms to the provisions of Sec. 6 shall be the standard numeral. It further provides that no weight, measure or numeral, other than the standard weight, measure or numeral shall be used as a standard weight, measure or numeral.

Every reference standard, secondary standard and working standard shall be verified and stamped in such manner and after payment of such fee as may be prescribed. Every reference standard, secondary standard and working standard which is not verified and stamped in accordance with the provisions shall not be deemed to be a valid standard. The provision relating to Use and Prohibition provides that no person shall, in relation to any goods, things or service quote, or make announcement of, whether by word of mouth or otherwise, any price or charge, or issue or exhibit any price list, invoice, cash memo or other document, or prepare or publish any advertisement, poster or other document, or indicate the net quantity of a pre-packaged commodity, or express in relation to any transaction or protection, any quantity or dimension, otherwise than in accordance with the standard unit of weight, measure or numeration.

No person shall manufacture, repair or sell, or offer, expose or possess for repair or sale, any weight or measure unless he holds a licence issued by the Controller. No licence to repair shall be required by a manufacturer for repair of his own weight or measure in a State other than the State of manufacture of the same. The Controller shall issue a licence in such form and manner, on such conditions, for such period and such area of jurisdiction and on payment of such fee as may be prescribed.

### **Legal Metrology (Packaged Commodities) Rules, 2011 (“Packaged Commodities Rules”)**

The Packaged Commodities Rules were framed under section 52(2) (j) and (q) of the Legal Metrology Act, 2009 and lays down specific provisions applicable to packages intended for retail sale, whole sale and for export and import. A “pre-packaged commodity” means a commodity which without the purchaser being present is placed in a package of whatever nature, whether sealed or not, so that the product contained therein has a pre-determined quantity;

The key provisions of the Packaged Commodities Rules are:

- It is illegal to manufacture, pack, sell, import, distribute, deliver, offer, expose or possess for sale any pre-packaged commodity unless the package is in such standard quantities or number and bears thereon such declarations and particulars as prescribed,
- All pre-packaged commodities must conform to the declarations provided thereon as per the requirement of section 18(1) of the Legal Metrology Act,



- No pre-packaged commodity shall be packed with error in net quantity beyond the limit prescribed in the first schedule of the Packaged Commodity Rules.

### **Prevention of Food Adulteration Act and Rules, 1955**

Adulteration of food and drugs can cause serious damage to human life. This antisocial menace is sought to be countered by making the legal provisions more stringent and deterrent even entailing life imprisonment for adulterations causing grievous hurt and danger to human life. This malpractice is also being tackled through effective health education measures. Food is one of the essentials for proper maintenance of human health. Access to pure, nutritious food, free from any type of adulteration is the right of every citizen. The Directorate of Prevention of Food Adulteration is responsible for checking adulteration/misbranding of food articles. Although sec.272 & 273 of IPC were in existence the same were considered not sufficient for control of adulteration of food articles. The Prevention of Food Adulteration Act was enacted in 1954 to strengthen the system for preventing adulteration in articles of food. The Central Government framed rules known as the "Prevention of Food Adulteration Rules, 1955".

Under sec.23 of the Act the responsibility of implementation of Prevention of Food Adulteration Act and Rules framed there under vests in the State Governments and Union Territories. Each State Government and Union Territory has created its own structure/organization for implementation of the Act. Aims and Objectives: Food Safety through Food Quality Control Programme is of paramount importance. It can be achieved through the combined efforts and cooperation of food industry (self-disciplined programmes and codes of practices) and the Government Authorities (Legislative Measures). In all the cases, the co-operation of the Consumer Organizations/Non-Governmental Organizations (NGOs) is a must. The Legislative measures adopted for food safety are provided under the Prevention of Food Adulteration (PFA) Act - a piece of Central Legislation promulgated in 1954 which repealed all earlier Acts of the State Governments. The Act which came into effect from 1st June, 1955 has been amended 4 times, in 1964, 1971 1976 and 1986 for plugging the loopholes and making the punishments more stringent and empowering the Consumers and Voluntary Organizations to play more effective role in its implementation.

### **Industrial Policy of Relevant State**

#### **Andhra Pradesh Industrial Development Policy 2015-2020**

Government of Andhra Pradesh accords top priority to industrial development to make Andhra Pradesh a progressive and highly industrialized state. Industrial Development Policy (IDP) 2015-20 has been prepared to make Andhra Pradesh most preferred destination for investors by providing favourable business climate, excellent infrastructure, good law and order and peaceful industrial relations. The new industrial policy also focuses on creating a conducive ecosystem which makes industries based in Andhra Pradesh innovative and globally competitive. Government of Andhra Pradesh (GoAP) lays utmost emphasis on sustainable industrial development anchored by capacity building at the grassroots level.

### **Anti-Trust Laws**

#### **Competition Act, 2002**

An act to prevent practices having adverse effect on competition, to promote and sustain competition in markets, to protect interest of consumer and to ensure freedom of trade in India. The act deals with prohibition of agreements and Anti-competitive agreements. No enterprise or group shall abuse its dominant position in various circumstances as mentioned under the Act.

The prima facie duty of the commission is to eliminate practices having adverse effect on competition, promote and sustain competition, protect interest of consumer and ensure freedom of trade. The commission shall issue notice to show cause to the parties to combination calling upon them to respond within 30 days in case it is of the opinion that there has been an appreciable adverse effect on competition in India. In case a person fails to comply with the directions of the Commission and Director General he shall be punishable with a fine which may exceed to Rs. 1 lakh for each day during such failure subject to maximum of Rupees One Crore.

### **GENERAL CORPORATE COMPLIANCE**

#### **The Companies Act 1956 and The Companies Act, 2013**

The consolidation and amendment in law relating to Companies Act, 1956 made way to enactment of Companies Act, 2013. The Companies act 1956 is still applicable to the extent not repealed and the Companies Act, 2013 is applicable to the extent notified. The act deals with incorporation of companies and the procedure for incorporation and post incorporation. The conversion of private company into public company and vice versa is also laid down under the Companies Act, 2013. The procedure relating to winding up, voluntary winding up, appointment of liquidator also forms part of the act. The provision of this act shall apply to all the companies incorporated either under this act or under any other previous law. It shall also apply to banking companies, companies engaged in generation or supply of electricity and any other company governed by any special act for the time being in force. A company can be formed by seven or more persons in case of public company and by two or more persons in case of private company. A company can even be formed by one person i.e., a One Person Company. The provisions relating to forming and allied procedures of One Person Company are mentioned in the act.

Further, Schedule V (read with sections 196 and 197), Part I lay down conditions to be fulfilled for the appointment of a managing or whole-time director or manager. It provides the list of acts under which if a person is prosecuted he cannot be appointed as the director or Managing Director or Manager of the firm. The provisions relating to remuneration of the directors payable by the companies is under Part II of the said schedule.

## **EMPLOYMENT AND LABOUR LAWS**

### **Contract Labour (Regulation and Abolition) Act, 1970**

The Contract Labour (Regulation and Abolition) Act, 1970 (“CLRA”) has been enacted to regulate the employment of contract labour in certain establishments, the regulation of their conditions and terms of service and to provide for its abolition in certain circumstances. The CLRA applies to every establishment in which 20 or more workmen are employed or were employed on any day of the preceding 12 months as contract labour. The CLRA vests the responsibility on the principal employer of an establishment to which the CLRA applies to make an application to the registered officer in the prescribed manner for registration of the establishment. In the absence of registration, a contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued. To ensure the welfare and health of the contract labour, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA.

### **Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 (“the EPF Act”) and the Employees Provident Fund Scheme, 1952**

The EPF Act is applicable to an establishment employing more than 20 employees and as notified by the government from time to time. All the establishments under the EPF Act are required to be registered with the appropriate Provident Fund Commissioner. Also, in accordance with the provisions of the EPF Act, the employers are required to contribute to the employees’ provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. The Central Government under section 5 of the EPF Act (as mentioned above) frames Employees Provident Scheme, 1952.

### **Employees Deposit Linked Insurance Scheme, 1976**

The scheme shall be administered by the Central Board constituted under section 5A of the EPF Act. The provisions relating to recovery of damages for default in payment of contribution with the percentage of damages are laid down under 8A of the act. The employer falling under the scheme shall send to the Commissioner within fifteen days of the close of each month a return in the prescribed form. The register and other records shall be produced by every employer to Commissioner or other officer so authorized shall be produced for inspection from time to time. The amount received as the employer’s contribution and also Central Government’s contribution to the insurance fund shall be credited to an account called as “Deposit-Linked Insurance Fund Account.”

### **The Employees Pension Scheme, 1995**

Family pension in relation to this act means the regular monthly amount payable to a person belonging to the family of the member of the Family Pension Fund in the event of his death during the period of reckonable service. The scheme shall apply to all the employees who become a member of the EPF or PF of the factories provided that the age of the employee should not be more than 59 years in order to be eligible for membership under this act. Every employee who is member of EPF or PF has an option of the joining scheme. The employer shall prepare a Family Pension Fund contribution card in respect of the entire employee who is member of the fund.

### **Employees' State Insurance Act, 1948 (the "ESI Act")**

It is an act to provide for certain benefits to employees in case of sickness, maternity and 'employment injury' and to make provision for certain other matters in relation thereto. It shall apply to all factories (including factories belonging to the Government other than seasonal factories. Provided that nothing contained in this sub-section shall apply to a factory or establishment belonging to or under the control of the Government whose employees are otherwise in receipt of benefits substantially similar or superior to the benefits provided under this Act. This Act requires all the employees of the establishments to which this Act applies to be insured in the manner provided there under. Employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the Employee State Insurance department.

### **Payment of Bonus Act, 1965**

The Payment of Bonus Act, 1965 imposes statutory liability upon the employers of every establishment in which 20 or more persons are employed on any day during an accounting year covered to pay bonus to their employees. It further provides for payment of minimum and maximum bonus and linking the payment of bonus with the production and productivity.

### **Payment of Gratuity Act, 1972**

The Act shall apply to every factory, mine plantation, port and railway company; to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a State, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; such other establishments or class of establishments, in which ten or more employees are employed, on any day of the preceding twelve months, as the Central Government, may by notification, specify in this behalf.. A shop or establishment to which this act has become applicable shall be continued to be governed by this act irrespective of the number of persons falling below ten at any day. The gratuity shall be payable to an employee on termination of his employment after he has rendered continuous service of not less than five years on superannuation or his retirement or resignation or death or disablement due to accident or disease. The five year period shall be relaxed in case of termination of service due to death or disablement.

### **Minimum Wages Act, 1948**

The Minimum Wages Act, 1948 ("MWA") came into force with an objective to provide for the fixation of a minimum wage payable by the employer to the employee. Under the MWA, every employer is mandated to pay the minimum wages to all employees engaged to do any work skilled, unskilled, manual or clerical (including out-workers) in any employment listed in the schedule to the MWA, in respect of which minimum rates of wages have been fixed or revised under the MWA. Construction of Buildings, Roads, and Runways are scheduled employments. It prescribes penalties for non-compliance by employers for payment of the wages thus fixed.

### **Maternity Benefit Act, 1961**

The Maternity Benefit Act, 1961 provides for leave and right to payment of maternity benefits to women employees in case of confinement or miscarriage etc. The act is applicable to every establishment which is a factory, mine or plantation including any such establishment belonging to government and to every establishment of equestrian, acrobatic and other performances, to every shop or establishment within the meaning of any law for the time being in force in relation to shops and establishments in a state, in which ten or more persons are employed, or were employed, on any day of the preceding twelve months; provided that the state government may, with the approval of the Central Government, after giving at least two months' notice shall apply any of the provisions of this act to establishments or class of establishments, industrial, commercial, agricultural or otherwise.

### **Equal Remuneration Act, 1976**

The Equal Remuneration Act 1976 provides for payment of equal remuneration to men and women workers and for prevention discrimination, on the ground of sex, against Female employees in the matters of employment and for matters connected therewith. The act was enacted with the aim of state to provide Equal Pay and Equal Work as envisaged under Article 39 of the Constitution.

### **Child Labour Prohibition and Regulation Act, 1986**

The Child Labour Prohibition and Regulation Act 1986 prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Employment of Child Labour in our industry is prohibited as per Part B (Processes) of the Schedule.

### **Trade Union Act, 1926 and Trade Union (Amendment) Act, 2001**

Provisions of the Trade Union Act, 1926 provides that any dispute between employers and workmen or between workmen and workmen, or between employers and employers which is connected with the employment, or non-employment, or the terms of employment or the conditions of labour, of any person shall be treated as trade dispute. For every trade dispute a trade union has to be formed. For the purpose of Trade Union Act, 1926, Trade Union means combination, whether temporary or permanent, formed primarily for the purpose of regulating the relations between workmen and employers or between workmen and workmen, or between employers and employers, or for imposing restrictive condition on the conduct of any trade or business etc.

### **The Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013**

In order to curb the rise in sexual harassment of women at workplace, this act was enacted for prevention and redressal of complaints and for matters connected therewith or incidental thereto. The terms sexual harassment and workplace are both defined in the act. Every employer should also constitute an “Internal Complaints Committee” and every officer and member of the company shall hold office for a period of not exceeding three years from the date of nomination. Any aggrieved woman can make a complaint in writing to the Internal Committee in relation to sexual harassment of female at workplace. Every employer has a duty to provide a safe working environment at workplace which shall include safety from the persons coming into contact at the workplace, organising awareness programs and workshops, display of rules relating to the sexual harassment at any conspicuous part of the workplace, provide necessary facilities to the internal or local committee for dealing with the complaint, such other procedural requirements to assess the complaints.

### **Inter-State Migrant Workmen (Regulation of Employment And Conditions of Service) Act, 1979**

This Act has been enacted with an aim to regulate the employment of inter-state migrant workmen and to provide for their conditions of service. It is applicable to every establishment employing five or more inter-state migrant workmen or having employed in the past twelve months and to every contractor who employs or who employed five or more inter-state migrant workmen in the past twelve months. Every Principal Employer of the establishment employing inter-state migrant workmen has to make an application for the registration of the establishment in the prescribed manner and time. Also a contractor employing inter-state migrant workmen has to obtain a license for the same from the licensing officer appointed for the purpose by the Central or the state Government. The license is valid only for a specified period and requires to be renewed at its expiry. The Act levies some duties on the principal employer and the contractor. The contractor is to provide for adequate wages, medical facilities and other benefits while it is the responsibility of the principal employer to provide for the displacement allowance and journey allowance to the workmen.

### **Industrial Disputes Act, 1947 (“ID Act”) and Industrial Dispute (Central) Rules, 1957**

The ID Act and the Rules made thereunder provide for the investigation and settlement of industrial disputes. The ID Act was enacted to make provision for investigation and settlement of industrial disputes and for other purposes specified therein. Workmen under the ID Act have been provided with several benefits and are protected under various labour legislations, whilst those persons who have been classified as managerial employees and earning salary beyond prescribed amount may not generally be afforded statutory benefits or protection, except in certain cases. Employees may also be subject to the terms of their employment contracts with their employer, which contracts are regulated by the

provisions of the Indian Contract Act, 1872. The ID Act also sets out certain requirements in relation to the termination of the services of the workman. The ID Act includes detailed procedure prescribed for resolution of disputes with labour, removal and certain financial obligations up on retrenchment. The Industrial Dispute (Central) Rules, 1957 specify procedural guidelines for lock-outs, closures, lay-offs and retrenchment

### **Andhra Pradesh Labour Welfare Fund Act, 1987**

The Government of Andhra Pradesh have enacted this Legislation for the establishment of a Labour Welfare Fund in the State and for this purpose constituted the Labour Welfare Board in the State of Andhra Pradesh for the purpose of administering the Fund and to carry on such other functions as are assigned to it from time to time. The Andhra Pradesh Labour Welfare Board is constituted under A.P. Labour Welfare Fund Act., 1987 for the purpose of administering the Labour Welfare Fund. The Act came into force w.e.f. 01.05.1988. As per Section 10 of the A.P. Labour Welfare Fund Act every employee shall contribute M 2/- per year to the fund and every employer shall, in respect of each such employee, contribute M 5/- per year to fund, and such contributions shall be remitted before 31<sup>st</sup> January every year.

## **TAX RELATED LEGISLATIONS**

### **Value Added Tax (“VAT”)**

VAT is a system of multi-point Levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT Liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

### **Service Tax**

Chapter V of the Finance Act, 1994 as amended, provides for the levy of a service tax in respect of ‘taxable services’, as specified in entry 39 defined therein. The service provider of taxable services is required to collect service tax from the recipient of such services and pay such tax to the Government. Every person who is liable to pay this service tax must register himself with the appropriate authorities. According to Rule 6 of the Service Tax Rules, every assessee is required to pay service tax in TR 6 challan by the 5<sup>th</sup> / 6<sup>th</sup> of the month immediately following the month to which it relates. Further, under Rule 7 (1) of Service Tax Rules, the Company is required to file a half yearly return in Form ST 3 by the 25<sup>th</sup> of the month immediately following the half year to which the return relates.

### **Central Sales Tax Act, 1956 (“CST”)**

The main object of this act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale or purchase takes place in the course of imports into or export from India, to provide for Levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which State Laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on interstate sales and states the principles and restrictions as per the powers conferred by Constitution.

### **Customs Act, 1962**

The provisions of the Customs Act, 1962 and rules made there under are applicable at the time of import of goods i.e. bringing into India from a place outside India or at the time of export of goods i.e. taken out of India to a place outside India. Any Company requiring to import or export any goods is first required to get it registered and obtain an IEC (Importer Exporter Code). Imported goods in India attract basic customs duty, additional customs duty and education cess. The rates of basic customs duty are specified under the Customs Tariff Act 1975. Customs duty is calculated on the transaction value of the goods. Customs duties are administered by Central Board of Excise and Customs under the Ministry of Finance.

### **The Central Excise Act, 1944**

The Central Excise Act, 1944 (“Central Excise Act”) consolidates and amends the law relating to Central Duties of Excise on goods manufactured or produced in India. Excisable goods under the Act means goods specified in the Schedule to the Central Excise Tariff Act, 1985 as being subject to duty of excise. Factory means any premises, including the precincts thereof, wherein or in any part of which excisable goods are manufactured, or wherein or in any part of which any manufacturing process connected with the production of these goods being carried on or is ordinarily carried out. Under the Act a duty of excise is levied on all excisable goods, which are produced or manufactured in India as and at the rates, set forth in the First Schedule to the Central Excise Tariff Act, 1985.

### **Goods and Service Tax (GST)**

Goods and Services Tax (GST) is levied on supply of goods or services or both jointly by the Central and State Governments. It was introduced as The Constitution (One Hundred and First Amendment) Act 2017 and is governed by the GST Council. GST provides for imposition of tax on the supply of goods or services and will be levied by centre on intra-state supply of goods or services and by the States including Union territories with legislature/ Union Territories without legislature respectively. A destination based consumption tax GST would be a dual GST with the centre and states simultaneously levying tax with a common base. The GST law is enforced by various acts viz. Central Goods and Services Act, 2017 (CGST), State Goods and Services Tax Act, 2017 (SGST), Union Territory Goods and Services Tax Act, 2017 (UTGST), Integrated Goods and Services Tax Act, 2017 (IGST) and Goods and Services Tax (Compensation to States) Act, 2017 and various rules made thereunder. It replaces following indirect taxes and duties at the central and state levels:

Central Excise Duty, Duties of Excise (Medicinal and Toilet Preparations), additional duties on excise – goods of special importance, textiles and textile products, commonly known as CVD – special additional duty of customs, service tax, central and state surcharges and cesses relating to supply of goods and services, state VAT, Central Sales Tax, Luxury Tax, Entry Tax (all forms), Entertainment and Amusement Tax (except when levied by local bodies), taxes on advertisements, purchase tax, taxes on lotteries, betting and gambling.

It is applicable on all goods except for alcohol for human consumption and five petroleum products.

Taxpayers with an aggregate turnover of Rs. 20 lakhs would be exempt from tax. The exemption threshold for special category of states like North-East shall be Rs. 10 lakhs. Small taxpayers with an aggregate turnover in preceding financial year upto Rs. 75 lakhs (50 lakhs in case of special category states) may opt for composition levy. Under GST, goods and services are taxed at the following rates, 0%, 5%, 12% and 18%. There is a special rate of 0.25% on rough precious and semi-precious stones and 3% on gold. In addition a cess of 15% or other rates on top of 28% GST applies on few items like aerated drinks, luxury cars and tobacco products.

Export and supplies to SEZ shall be treated as zero-rated supplies. Import of goods and services would be treated as inter-state supplies. Every person liable to take registration under these Acts shall do so within a period of 30 days from the date on which he becomes liable to registration. The Central/State authority shall issue the registration certificate upon receipt of application. The Certificate shall contain fifteen digit registration number known as Goods and Service Tax Identification Number (GSTIN). In case a person has multiple business verticals in multiple location in a state, a separate application will be made for registration of each and every location. The registered assessee are then required to pay GST as per the rules applicable thereon and file the appropriate returns as applicable thereon.

### **OTHER LAWS**

#### **The Factories Act, 1948**

The Factories Act, 1948 (“Factories Act”) aims at regulating labour employed in factories. A “factory” is defined as “any premises...whereon ten or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power, or is ordinarily so carried on, or whereon twenty or more workers are working, or were 81 working on any day of the preceding twelve months, and in any part of which a manufacturing process is carried on without the aid of power, or is ordinarily so carried on...”. The main aim of the said Act is to ensure adequate safety measures and to promote the health and welfare of the workers

employed in factories initiating various measures from time to time to ensure that adequate standards of safety, health and welfare are achieved at all the places.

Under the Factories Act, the State Government may make rules mandating approval for proposed factories and requiring licensing and registration of factories. The Factories Act makes detailed provision for ensuring sanitary conditions in the factory and safety of the workers and also lays down permissible working hours, leave etc. In addition, it makes provision for the adoption of worker welfare measures. The prime responsibility for compliance with the Factories Act and the rules thereunder rests on the “occupier”, being the person who has ultimate control over the affairs of the factory. The Factories Act states that save as otherwise provided in the Factories Act and subject to provisions of the Factories Act which impose certain liability on the owner of the factory, in the event there is any contravention of any of the provisions of the Factories Act or the rules made thereunder or of any order in writing given thereunder, the occupier and the manager of the factory shall each be guilty of the offence and punishable with imprisonment or with fine. The occupier is required to submit a written notice to the chief inspector of factories containing all the details of the factory, the owner, manager and himself, nature of activities and such other prescribed information prior to occupying or using any premises as a factory. The occupier is required to ensure, as far as it is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory.

#### **Andhra Pradesh Shops and Establishment Act, 1988**

Under the provisions of the Act, establishments are required to be registered. The Act regulates the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

### **ENVIRONMENTAL LEGISLATIONS**

#### **The Environment Protection Act, 1986 (“Environment Protection Act”)**

The purpose of the Environment Protection Act is to act as an "umbrella" legislation designed to provide a frame work for Central government co-ordination of the activities of various central and state authorities established under previous laws. The Environment Protection Act authorizes the central government to protect and improve environmental quality, control and reduce pollution from all sources, and prohibit or restrict the setting and /or operation of any industrial facility on environmental grounds. The Act prohibits persons carrying on business, operation or process from discharging or emitting any environmental pollutant in excess of such standards as may be prescribed. Where the discharge of any environmental pollutant in excess of the prescribed standards occurs or is apprehended to occur due to any accident or other unforeseen act, the person responsible for such discharge and the person in charge of the place at which such discharge occurs or is apprehended to occur is bound to prevent or mitigate the environmental pollution caused as a result of such discharge and should intimate the fact of such occurrence or apprehension of such occurrence; and (b) be bound, if called upon, to render all assistance, to such authorities or agencies as may be prescribed.

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

Air (Prevention and Control of Pollution) Act 1981 (“the Act”) was enacted with an objective to protect the environment from smoke and other toxic effluents released in the atmosphere by industries. With a view to curb air pollution, the Act has declared several areas as air pollution control area and also prohibits the use of certain types of fuels and appliances. Prior written consent is required of the board constituted under the Act, if a person intends to commence an industrial plant in a pollution control area.

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

The Water (Prevention and Control of Pollution) Act 1974 (“the Act”) was enacted with an objective to protect the rivers and streams from being polluted by domestic and industrial effluents. The Act prohibits the discharge of toxic and poisonous matter in the river and streams without treating the pollutants as per the standard laid down by the Pollution control boards constituted under the Act. A person intending to commence any new industry, operation or process likely to discharge pollutants must obtain prior consent of the board constituted under the Act.

### **Hazardous Waste (Management and Handling) Rules, 1989**

The Hazardous Waste (Management and Handling) Rules, 1989, as amended, impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste.

### **The Public Liability Insurance Act, 1991**

This Act imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the Government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the Public Liability Act mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer.

### **National Environmental Policy, 2006**

The Policy seeks to extend the coverage, and fill in gaps that still exist, in light of present knowledge and accumulated experience. This policy was prepared through an intensive process of consultation within the Government and inputs from experts. It does not displace, but builds on the earlier policies. It is a statement of India's commitment to making a positive contribution to international efforts. This is a response to our national commitment to a clean environment, mandated in the Constitution in Articles 48 A and 51 A (g), strengthened by judicial interpretation of Article 21. The dominant theme of this policy is that while conservation of environmental resources is necessary to secure livelihoods and well-being of all, the most secure basis for conservation is to ensure that people dependent on particular resources obtain better livelihoods from the fact of conservation, than from degradation of the resource. Following are the objectives of National Environmental Policy:

- Conservation of Critical Environmental Resources
- Intra-generational Equity: Livelihood Security for the Poor
- Inter-generational Equity
- Integration of Environmental Concerns in Economic and Social Development
- Efficiency in Environmental Resource Use
- Environmental Governance
- Enhancement of resources for Environmental Conservation

### **INTELLECTUAL PROPERTY LEGISLATIONS**

In general, the Intellectual Property Rights includes but is not limited to the following enactments:

- The Patents Act, 1970
- Indian Copyright Act, 1957
- The Trade Marks Act, 1999

### **Indian Patents Act, 1970**

A patent is an intellectual property right relating to inventions and is the grant of exclusive right, for limited period, provided by the Government to the patentee, in exchange of full disclosure of his invention, for excluding others from making, using, selling, importing the patented product or process producing that product. The term invention means a new product or process involving an inventive step capable of industrial application.

### **The Copyright Act, 1957**

Copyright is a right given by the law to creators of literary, dramatic, musical and artistic works and producers of cinematograph films and sound recordings. In fact, it is a bundle of rights including, inter



alia, rights of reproduction, communication to the public, adaptation and translation of the work. There could be slight variations in the composition of the rights depending on the work.

### **Trade Marks Act, 1999**

The Trade Marks Act, 1999 (the “**Trade Marks Act**”) provides for the application and registration of trademarks in India for granting exclusive rights to marks such as a brand, label and heading and obtaining relief in case of infringement for commercial purposes as a trade description. The Trade Marks Act prohibits any registration of deceptively similar trademarks or chemical compounds among others. It also provides for penalties for infringement, falsifying and falsely applying for trademarks.

### **GENERAL LAWS**

Apart from the above list of laws – which is inclusive in nature and not exhaustive - general laws like the Indian Contract Act 1872, Specific Relief Act 1963, Negotiable Instrument Act 1881, The Information Technology Act, 2000, Sale of Goods Act 1930 and Consumer Protection Act 1986 are also applicable to the company.

### **OTHER LAWS:**

#### **Foreign Trade (Development and Regulation) Act, 1992**

The Development and Regulation of foreign trade by facilitating imports and exports from and to India. The Import-Export Code number and licence to import or export includes a customs clearance permit and any other permission issued or granted under this act. The Export and Import policy, provision for development and regulation of foreign trade shall be made by the Central Government by publishing an order. The Central Government may also appoint Director General of Foreign Trade (DGFT) for the purpose of Export-Import Policy formulation.

If any person makes any contravention to any law or commits economic offence or imports/exports in a manner prejudicial to the trade relations of India or to the interest of other person engaged in imports or exports then there shall be no Import Export Code number granted by Director-General to such person and if in case granted shall stand cancelled or suspended. Provision of search and seizure of Code of Criminal Procedure, 1973 shall apply to every search and seizure made under this Act. In case of appeals in a case the order made by the appellate authority shall be considered to be final. The powers of all the civil court under Code of Civil Procedure, 1908 shall vest in him.

The EXIM Policy is a set of guidelines and instructions established by the DGFT in matters related to the export and import of goods in India. This policy is regulated under the said act. Director General of Foreign Trade (herein after referred to as DGFT) is the main governing body in matters related to the EXIM Policy. The Act shall provide development and regulation of foreign trade by facilitating imports into, and augmenting exports from India. Trade Policy is prepared and announced by the Central Government (Ministry of Commerce).

#### **Foreign Exchange Management Act, 1999**

Foreign investment in India is primarily governed by the provisions of the Foreign Exchange Management Act, 1999(“FEMA”) and the rules and regulations promulgated there under. The act aims at amending the law relating to foreign exchange with facilitation of external trade and payments for promoting orderly developments and maintenance of foreign exchange market in India. It applies to all branches, offices and agencies outside India owned or controlled by a person resident in India and also to any contravention there under committed outside India by any person to whom this Act applies. Every exporter of goods is required to a) furnish to the Reserve Bank or to such other authority a declaration in such form and in such manner as may be specified, containing true and correct material particulars, including the amount representing the full export value or, if the full export value of the goods is not ascertainable at the time of export, the value which the exporter, having regard to the prevailing market conditions, expects to receive on the sale of the goods in a market outside India; b) furnish to the Reserve Bank such other information as may be required by the Reserve Bank for the purpose of ensuring the realization of the export proceeds by such exporter. The Reserve Bank may, for the purpose of ensuring that the full export value of the goods or such reduced value of the goods as the Reserve Bank determines, having regard to the prevailing market conditions, is received without any delay, direct any exporter to comply with such requirements as it deems fit. Every exporter of services shall furnish to the Reserve Bank or to such other authorities a declaration in such form and in such manner as may be specified, containing the true and correct material particulars in relation to payment for such services.

## **FEMA Regulations**

As laid down by the FEMA Regulations, no prior consents and approvals are required from the Reserve Bank of India, for Foreign Direct Investment under the automatic route within the specified sectoral caps. In respect of all industries not specified as FDI under the automatic route, and in respect of investment in excess of the specified sectoral limits under the automatic route, approval may be required from the FIPB and/or the RBI. The RBI, in exercise of its power under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ("FEMA Regulations") to prohibit, restrict or regulate, transfer by or issue security to a person resident outside India. Foreign investment in India is governed primarily by the provisions of the FEMA which relates to regulation primarily by the RBI and the rules, regulations and notifications there under, and the policy prescribed by the Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India.

## **THE FOREIGN DIRECT INVESTMENT**

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment ("**FDI**") through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**"), has issued consolidated FDI Policy Circular of 2017 ("**FDI Policy 2017**"), which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India ("**RBI**") also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master Circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI. In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

Under the current FDI Policy of 2016, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At present, FDI is permitted upto 100 % in Greenfield projects and 74% in Brownfield projects under the automatic route and FDI beyond 74% in Brownfield projects requires FIPB approval. FDI is permitted up to 100 percent under the automatic route in the hospital sector and in the manufacture of medical devices.

## OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS

*Certain forms and resolutions filed with Registrar of Companies (prior to 2006) are not traceable by our Company. With respect to this chapter these include forms and resolutions for incorporation and change in constitution of Company, change in registered office of Company, increase in authorised share capital, etc. Hence, this chapter is prepared based on the ROC search reports, data provided by management and to the best of information available.*

### CORPORATE PROFILE AND BRIEF HISTORY

Our Company was originally incorporated as “Deccan Health Care Limited” at Hyderabad, Andhra Pradesh as a public limited company under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated June 14, 1996 bearing Registration Number 01 - 024351 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad. The certificate of Commencement of Business was granted by Registrar of Companies, Hyderabad, Andhra Pradesh on July 03, 1996. Subsequently, our company was converted into Private Limited company vide a fresh Certificate of Incorporation issued by Registrar of Companies, Hyderabad, Andhra Pradesh on June 12, 2009. Further, our Company was converted into Public Company pursuant to shareholders resolution passed at the Extraordinary General Meeting held on August 12, 2017 and name of company was changed to “Deccan Health Care Limited” pursuant to issuance of fresh Certificate of Incorporation dated August 31, 2017 by Registrar of Companies, Hyderabad, Andhra Pradesh & Telangana. The Corporate Identification Number of our company is U72200TG1996PLC024351.

P. Koteswara Rao, P. Ratna Sree, P. Chiranjeevi, Mohan Lal Gupta, Meenakshi Gupta, P. Hemalatha and P. Hemalatha were the initial subscribers to the Memorandum of Association of our company. However, as on date of this Red Herring Prospectus, P. Koteswara Rao, P. Ratna Sree, P. Chiranjeevi, Mohan Lal Gupta, P. Hemalatha and P. Hemalatha are not associated with our company.

Minto Purshotam Gupta and Hitesh Patel are Promoters of our Company. Minto Purshotam Gupta has first acquired shares of our Company on March 31, 1999 and Hitesh Patel has first acquired shares of our Company on June 17, 2008 through allotment. For further details, please refer chapter titled “Capital Structure” on page 73 of this Red Herring Prospectus.

### CHANGES IN OUR REGISTERED OFFICE:

At present, the Registered Office of our Company is situated at 247, 2nd Floor, Dwarakapuri Colony, Punjagutta, Hyderabad – 500082, Andhra Pradesh, India. The details of the changes in the Registered Office of our Company are set forth below:

DATE	FROM	TO	REASON
August 10, 2001	H.No. 90, Gunrock Enclave, Staff Road, Secunderabad	6 – 3 – 655/2/3, Somajiguda, Hyderabad	Administrative Convenience
Not Available	6 – 3 – 655/2/3, Somajiguda, Hyderabad	Block No I, 1st Floor, Venkata reddy Complex, Opp. Tarbund Bus Stop, Secunderabad – 500009	Administrative Convenience
September 01, 2002	Block No I, 1st Floor, Venkata reddy Complex, Opp. Tarbund Bus Stop, Secunderabad – 500009	247, 2nd Floor, Dwarakapuri Colony, Punjagutta, Hyderabad – 500082, Andhra Pradesh, India	Administrative Convenience

### KEY EVENTS AND MILESTONES IN THE HISTORY OF THE COMPANY

The following table sets forth the key events and milestones in the history of our Company, since incorporation:

YEAR	EVENTS
1996	Incorporation of our company as a Public Limited Company
1996	Certificate of Commencement of business
2009	Conversion of Company into Private Limited Company
2010	Set up of the Manufacturing Facility of the Company at Rudrapur, Uttarakhand
2017	Conversion of Company into Public Limited Company
2018	Entered into an MOU with Uttar Pradesh government to establish technology park

YEAR	EVENTS
	Enrolled as member of Federation of Indian Direct Selling Industries

The Company was initially engaged in trading of Pharmaceuticals till 2005. From 2005 till 2010 the company was engaged in third party manufacturing. From 2010 onwards the Company has set up its own Manufacturing Facility at Rudrapur, Uttarakhand.

#### KEY AWARDS, CERTIFICATIONS, ACCREDITATIONS AND RECOGNITIONS

YEAR	DETAILS
2015	Certified as an ISO-9001:2008 Company
2018	Certified as an ISO-9001:2015 Company from ICM Certification Private Limited
	Certified as an ISO-9001:2015 Company from EQFS Certification
	Certified as ISO 9001:2015 Company from German Cert. Co. Ltd.
	Received certificate of Compliance of WHO-GMP from NFI Certification Limited
	Received certificate of Compliance of Good Laboratory Practice (GLP) systems from NFI Certification Limited
	Received Certificate of Excellence from ASSOCHAM for Best Fastest Growing Online Nutrition Store
	Received Certificate of Excellence from ASSOCHAM for Best Wellness Brand
	Awarded Skoch Order of Merit for qualifying amongst Top – 100 SMEs in India
Received Global Sustainability Leadership Awards	

#### MAIN OBJECTS OF OUR COMPANY

The main objects of our Company, as contained in our Memorandum of Association, are as set forth below:

1. “To carry on the business of manufacturing, buying, selling, importing, exporting and generally dealing in all types of chemicals, pharmaceuticals, drugs, intermediaries, formulations, Ayurvedic and herbal medicines, healthcare products, dietary supplements, nutrition and lifestyle enhancing and other related products;
2. To carry on the business of manufacturing, buying, selling, importing, exporting and generally dealing in all types of surgical, medical, pharmaceuticals, drug related, nutrition related and scientific equipments, appliances and accessories;
3. To carry on the research and developmental activities in order to develop new products and substitutes in all types of chemicals, drugs, intermediaries, formulations, Ayurvedic and herbal medicines, dietary supplements, nutrition and lifestyle enhancing and other related products, and to maintain testing houses and laboratories with regard to the same;
4. To carry on the business of Consultants in the field of chemicals, pharmaceutical, drugs, nutrition, medical, dyestuff and other related industries and;
5. To carry on the business of manufacturing, buying, selling, trading, importing, exporting or otherwise dealing in Nutraceutical products, Medical / Pharma Biotech products and Agri-Biotech Products.

#### AMENDMENTS TO THE MEMORANDUM OF ASSOCIATION OF OUR COMPANY IN LAST TEN YEARS

The following changes have been made to our Memorandum of Association, in the last ten years from the date of filing of this Red Herring Prospectus:

DATE OF AGM / EGM	CHANGES
May 25, 2009	Clause I of the Memorandum of Association of the Company changed pursuant to Conversion of Company into Private Company to reflect changed name i.e. Deccan Health Care Private Limited. A fresh certificate of incorporation pursuant to the change of name was granted by the ROC on June 12, 2009.
June 20, 2009	Reclassification of Authorised Share Capital from Rs. 5,50,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 1,00,000

<b>DATE OF AGM / EGM</b>	<b>CHANGES</b>
	Preference shares of Rs. 10 each to Rs. 5,50,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 1,00,000 Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each
June 20, 2009	Increase of Authorised Share Capital from Rs. 5,50,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 1,00,000 Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each to Rs. 7,00,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 16,00,000 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each
June 20, 2009	Change in Object Clause of the Memorandum of Association of the Company. Following Clause was inserted – “To carry on the business of manufacturing, buying, selling, trading, importing, exporting or otherwise dealing in Nutraceutical products, Medical / pharma Biotech products and Agri-Biotech Products.
February 18, 2010	Increase of Authorised Share Capital from Rs. 7,00,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 16,00,000 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each to Rs. 7,25,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 18,50,000 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each
March 29, 2010	Increase of Authorised Share Capital from Rs. 7,25,00,000 consisting of 54,00,000 Equity Shares of Rs.10/- each and 18,50,000 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each to Rs. 9,75,00,000 consisting of 64,00,000 Equity Shares of Rs.10/- each and 33,50,000 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each
October 25, 2010	Increase of Authorised Share Capital from Rs. 9,75,00,000 consisting of 64,00,000 Equity Shares of Rs.10/- each and 33,50,000 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each to Rs. 11,55,00,000 consisting of 64,00,000 Equity Shares of Rs.10/- each and 30,86,000 Series-A 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each and 20,64,000 Series-B 10% Compulsorily Convertible Cumulative Participatory Preference shares
November 17, 2015	Reclassification of Authorised Share Capital from Rs. 11,55,00,000 consisting of 64,00,000 Equity Shares of Rs.10/- each and 30,86,000 Series-A 10% Compulsorily Convertible Cumulative Participatory Preference shares of Rs. 10 each and 20,64,000 Series-B 10% Compulsorily Convertible Cumulative Participatory Preference shares to Rs. 11,55,00,000 consisting of 1,15,50,000 Equity Shares of Rs.10/- each
March 01, 2017	Increase of Authorised Share Capital from Rs. 11,55,00,000 consisting of 1,15,50,000 Equity Shares of Rs.10/- each to Rs. 13,50,00,000 consisting of 1,35,00,000 Equity Shares of Rs.10/- each
August 04, 2017	Increase of Authorised Share Capital from Rs. 13,50,00,000 consisting of 1,35,00,000 Equity Shares of Rs.10/- each to Rs. 18,00,00,000 consisting of 1,80,00,000 Equity Shares of Rs.10/- each
August 31, 2017	Amendment in the Clause I of MOA of our Company pursuant to conversion of Company from Private Limited to Public Limited

#### **OUR HOLDING / SUBSIDIARY COMPANY**

Our Company neither has a Holding Company nor any Subsidiary Company as on date of filing of this Red Herring Prospectus.

#### **JOINT VENTURES OF OUR COMPANY**

Our Company has not entered into any Joint Venture as on date of filing of this Red Herring Prospectus.

#### **REVALUATION OF ASSETS IN THE LAST TEN YEARS**

There has been no revaluation of assets of our company in last 10 years from the date of this Red Herring Prospectus.

#### **MERGERS AND ACQUISITIONS IN THE LAST TEN YEARS**

Our Company has not merged / amalgamated itself nor has acquired any business / undertaking, in the last ten years from the date of this Red Herring Prospectus.

#### **DIVESTMENT OF BUSINESS / UNDERTAKING BY COMPANY IN THE LAST TEN YEARS**

Our company has not divested any of its business / undertaking in last 10 years from the date of this Red Herring Prospectus.

#### **SHAREHOLDERS' AGREEMENTS**

Our Company has not entered into any shareholders' agreement as on date of filing of this Red Herring Prospectus.

#### **OTHER MATERIAL AGREEMENTS**

Our Company has not entered into any agreements / arrangements except under normal course of business of the Company, as on date of filing of this Red Herring Prospectus.

#### **TIME AND COST OVERRUNS IN SETTING UP PROJECTS**

As on the date of this Red Herring Prospectus, there have been no time and cost overruns in any of the projects undertaken by our Company.

#### **STRATEGIC PARTNERS**

Our Company does not have any strategic partner(s) as on the date of this Red Herring Prospectus.

#### **FINANCIAL PARTNERS**

As on the date of this Red Herring Prospectus, apart from the various arrangements with bankers and financial institutions which our Company undertakes in the ordinary course of business, our Company does not have any other financial partners.

#### **DEFAULTS OR RESCHEDULING OF BORROWINGS WITH FINANCIAL INSTITUTIONS / BANKS**

There have been no defaults or rescheduling of borrowings with any financial institutions / banks as on the date of this Red Herring Prospectus.

## OUR MANAGEMENT

*Certain forms and resolutions filed with Registrar of Companies (prior to 2006) are not traceable by our Company. With respect to this chapter these include forms and resolutions for appointment and regularisation of Directors and Change in Board structure since last three years etc. Hence, this chapter is prepared based on the ROC search report, data provided by management and to the best of information available.*

### BOARD OF DIRECTORS

Under the Articles of Association of our Company we are required to have not less than three (3) Directors and not more than 15 Directors, subject to the applicable provisions of the Companies Act. We currently have 6 Directors on our Board, including two (2) Executive Directors, four (4) Non-Executive Directors out of which 2 (two) are Independent Directors. Our Board also has one (1) women Director.

The following table sets forth details regarding our Board of Directors as on the date of Red Herring Prospectus:

Sr. No.	Name, Age, Father's/Husband's Name, Designation, Address, Occupation, Nationality, Term and DIN	Date of last Appointment / Re-appointment	Other Directorship
1.	<p><b>Name:</b> Minto Purshotam Gupta  <b>Father's Name:</b> Mohanlal Gupta  <b>Age:</b> 60 years  <b>Date of Birth:</b> August 09, 1958  <b>Designation:</b> Managing Director  <b>Address:</b> 2B, Sunshine Crescent, Road No. 4, Banjara Hills, Hyderabad – 500034, India  <b>Occupation:</b> Business  <b>Nationality:</b> Indian  <b>Term:</b> Three years w.e.f August 31, 2017 and liable to retire by rotation  <b>DIN:</b> 00843784</p>	<p>Re-designated as Managing Director w.e.f. August 05, 2018*</p>	<p><b>Public Limited Company -</b></p> <ul style="list-style-type: none"> <li>• Nutricircle Limited</li> </ul> <p><b>Private Limited Company –</b></p> <ul style="list-style-type: none"> <li>• Mintakashi FMCH Products India (OPC) Private Limited</li> <li>• Mintokashi Associates And Investments Private Limited</li> </ul> <p><b>Limited Liability Partnership -</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul>
2.	<p><b>Name:</b> Yezdi Jal Batliwala  <b>Father's Name:</b> Jal Batliwala  <b>Age:</b> 75 years  <b>Date of Birth:</b> December 07, 1942  <b>Designation:</b> Chairman and Non - Executive Director  <b>Address:</b> 686, Vevai Villa, Parsi Colony, Khareghat Road, Dadar, Mumbai – 400 014  <b>Occupation:</b> Business  <b>Nationality:</b> Indian  <b>Term:</b> liable to retire by rotation  <b>DIN:</b> 03018605</p>	<p>Designated as Chairman and Non - Executive Director w.e.f. August 05, 2018*</p>	<p><b>Public Limited Company –</b></p> <ul style="list-style-type: none"> <li>• Nutricircle Limited</li> </ul> <p><b>Private Limited Company -</b></p> <ul style="list-style-type: none"> <li>• SS Inclusive Development Finance Private Limited</li> </ul> <p><b>Limited Liability Partnership -</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><b>Others -</b>  SS Human Development Foundation</p>
3.	<p><b>Name:</b> Meenakshi Gupta  <b>Husband's Name:</b> Minto Purshotam Gupta  <b>Age:</b> 58 years  <b>Date of Birth:</b> March 26, 1960  <b>Designation:</b> Whole Time Director  <b>Address:</b> 2B, Sunshine, Crescent, Road No. 4, Banjara Hills, Hyderabad – 500034, India  <b>Occupation:</b> Business</p>	<p>August 31, 2017</p>	<p><b>Public Limited Company -</b></p> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <p><b>Private Limited Company –</b></p> <ul style="list-style-type: none"> <li>• Mintokashi Associates And Investments Private Limited</li> </ul> <p><b>Limited Liability Partnership -</b>  Nil</p>

Sr. No.	Name, Age, Father's/Husband's Name, Designation, Address, Occupation, Nationality, Term and DIN	Date of last Appointment / Re-appointment	Other Directorship
	<b>Nationality:</b> Indian <b>Term:</b> Three (3) years w.e.f. August 31, 2017 and liable to retire by rotation <b>DIN:</b> 00574624		
4.	<b>Name:</b> Hitesh Patel <b>Father's Name:</b> Mohanbhai Patel <b>Age:</b> 43 years <b>Date of Birth:</b> June 14, 1975 <b>Designation:</b> Non-Executive Director <b>Address:</b> 3, 8/9, Kailash Nagar, M.G. Road, Ghatkopar, Mumbai - 400077, Maharashtra, India <b>Occupation:</b> Business <b>Nationality:</b> Indian <b>Term:</b> Liable to retire by rotation <b>DIN:</b> 02080625	Appointed as Additional Director on December 14, 2016  Regularised as on August 28, 2017	<b>Public Limited Company -</b> <ul style="list-style-type: none"> <li>• Nutricircle Limited</li> </ul> <b>Private Limited Company -</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <b>Limited Liability Partnership -</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>
5.	<b>Name:</b> Narendra Singh <b>Father's Name:</b> Sukhvir Singh <b>Age:</b> 64 years <b>Date of Birth:</b> September 11, 1953 <b>Designation:</b> Independent Director <b>Address:</b> E – 40, Vikram Colony, Ramghat Road, Civil Lines, Koll, Aligarh – 202 001, Uttar Pradesh, India <b>Occupation:</b> Business <b>Nationality:</b> Indian <b>Term:</b> Five years with effect from November 17, 2017 <b>DIN:</b> 03191356	Appointed as Additional Director (Independent) on November 17, 2017  Regularized as Independent Director w.e.f. September 20, 2018	<b>Public Limited Company –</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <b>Private Limited Company -</b> <ul style="list-style-type: none"> <li>• Vefarms Medicos Private Limited</li> <li>• Narendra Dev Coaching Classes Private Limited</li> </ul> <b>Limited Liability Partnership -</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>
6.	<b>Name:</b> Savita Bhutani <b>Father's Name:</b> Lal Chand Agrawal <b>Age:</b> 48 years <b>Date of Birth:</b> January 10, 1970 <b>Designation:</b> Independent Director <b>Address:</b> 2/3, M.S. Flats, Opp. U.P.S.C, Shahjahan Road, Nirman Bhawan, New Delhi, Central Delhi, Delhi – 110011, India <b>Occupation:</b> Business <b>Nationality:</b> Indian <b>Term:</b> Five years with effect from November 17, 2017 <b>DIN:</b> 07995252	Appointed as Additional Director (Independent) on November 17, 2017  Regularized as Independent Director w.e.f. September 20, 2018	<b>Public Limited Company –</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <b>Private Limited Company -</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul> <b>Limited Liability Partnership -</b> <ul style="list-style-type: none"> <li>• Nil</li> </ul>

\*See brief biographies of Directors for complete details.

## BRIEF PROFILE OF OUR DIRECTORS

### Minto Purshotam Gupta, Promoter and Managing Director

Minto Purshotam Gupta, aged 60 years is the *Promoter* and *Managing Director* of our Company. He has been director of our Company since September 01, 1999 and has been designated as Chairman and



Managing Director w.e.f August 31, 2017. Further, he has been designated as Managing Director w.e.f. August 05, 2018. He has completed his Master of Science in Biochemistry from University of Bombay. He has an experience of more than two decades in the industry in which Company operates. He has been instrumental in formulating the business strategies of our Company and is entrusted with the responsibility of looking after the overall management and operations of the Company.

#### **Yezdi Jal Batliwala, Chairman and Non-Executive Director**

**Yezdi Jal Batliwala**, aged 75 years is *Chairman* and *Non-Executive Director* of our Company. He was appointed as Additional Director (Independent) of our Company on July 01, 2017 and was regularised as Independent Director on August 28, 2017. Further, he has been designated as Non-Executive Director w.e.f. August 05, 2018. He is also on the Board of Nutricircle Limited.

#### **Meenakshi Gupta, Whole Time Director**

**Meenakshi Gupta**, aged 58 years is the *Whole Time Director* of our Company. She was appointed as Additional Director of our company on October 29, 2014 and was regularised as Non-Executive Director w.e.f. September 30, 2015. Further, she has been designated as Whole Time Director w.e.f. August 31, 2017 for a period of three years and liable to retire by rotation. She holds Master Degree in Science from Maharaja Sayajirao University of Baroda. She is responsible for corporate development, training & education and Human Resource management.

#### **Hitesh Patel, Promoter and Non - Executive Director**

**Hitesh Patel**, aged 43 years is the *Promoter* and *Non - Executive Director* of our Company. He was appointed as additional director of our company on December 14, 2016 and regularised as Non-Executive Director on August 28, 2017. He has passed his Higher Secondary examination from Maharashtra Board. He is the guiding force behind all the strategic decisions.

#### **Narendra Singh, Independent Director**

**Narendra Singh**, aged 64 years is *Independent Director* of our Company. He was appointed as Additional Director (Independent) of our Company on November 17, 2017 and has been regularised as Independent Director w.e.f. September 20, 2018. He has completed Bachelors of laws (Honours) from Aligarh Muslim University. Further he has achieved degree of Master of Law from Kakatiya University. He is Ph. D (Doctor of Philosophy) Holder from MATS University.

#### **Savita Bhutani, Independent Director**

**Savita Bhutani**, aged 48 years is *Independent Director* of Our Company. She was appointed as Additional Director (Independent) of our Company on November 17, 2017 and has been regularised as Independent Director w.e.f. September 20, 2018. She has completed her Bachelors of Arts in Economics & Geography from University of Lucknow.

### **CONFIRMATIONS**

As on the date of this Red Herring Prospectus:

1. Except as stated below; none of the Directors of our Company are related to each other as per Section 2(77) of the Companies Act, 2013.

<b>Name of the Director</b>	<b>Name of the Other Director</b>	<b>Relation</b>
Minto Purshotam Gupta	Meenakshi Gupta	Husband-Wife

2. There are no arrangements or understanding with major shareholders, customers, suppliers or any other entity, pursuant to which any of the Directors or Key Management Personnel were selected as a Director or member of the senior management.
3. The Directors of our Company have not entered into any service contracts with our Company which provides for benefits upon termination of employment.
4. None of our Directors are fugitive economic offender or are on the RBI List of wilful defaulters.
5. Further, none of our Directors are or were directors of any company whose shares have been / were:
  - a) Suspended from trading by any of the stock exchange(s) during his /her tenure in that company in the last five years or;

- b) Delisted from the stock exchange(s) during the term of their directorship in such companies.
6. None of the Promoters, or Directors has been or is involved as a promoter or director of any other Company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

#### **BORROWING POWERS OF THE BOARD**

Pursuant to a special resolution passed at the Extraordinary General Meeting of our Company held on August 12, 2017 and pursuant to provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 as amended from Time to Time, and rules made there under and the Board of Directors (including committees) of the Company be and is hereby authorized to borrow money on such terms and conditions as may be considered and suitable by the Board of Directors up to a limit of Rs. 500.00 Crore notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from the Temporary Loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Capital of the Company and its Free Reserves of the Company.

#### **REMUNERATION/COMPENSATION/COMMISSION PAID TO DIRECTORS**

Except as mentioned below, no other current Directors have received remuneration during the last financial year ended on March 31, 2018.

<b>Name of the Directors</b>	<b>Amount (Rs. in Lakhs)</b>
Minto Purshotam Gupta	52.40
Meenakshi Gupta	22.00

#### **REMUNERATION PAID TO DIRECTORS BY OUR SUBSIDIARY OR ASSOCIATE COMPANIES**

As on date there is no Subsidiary or Associate company of our Company.

#### **Terms and conditions of employment of our Managing Director:**

##### **1. Minto Purshotam Gupta**

Minto Purshotam Gupta is the Promoter and Managing Director of our Company. He has been director of our Company since September 01, 1999 and has been designated as Chairman and Managing Director w.e.f August 31, 2017 for a period of three years. Further, he has been designated as Managing Director w.e.f. August 05, 2018. The terms and conditions of his employment are as follows:

<b>Remuneration</b>	120.00 Lakhs p.a.
<b>Term of appointment</b>	Three years from August 31, 2017 subject to liable to retire by rotation
<b>Perquisites</b>	<ul style="list-style-type: none"> <li>• Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 (43 of 1961);</li> <li>• Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and</li> <li>• Encashment of leave at the end of the tenure.</li> </ul>

#### **Terms and conditions of employment of our Whole Time Director**

##### **2. Meenakshi Gupta**

Meenakshi Gupta is the Whole Time Director of our Company. She was appointed as Additional director of our company on October 29, 2014 and was regularised as Non-Executive Director w.e.f. September 30, 2015. Further, she has been re- has been designated as Whole Time Director w.e.f August 31, 2017 for a period of three years and liable to retire by rotation. The terms and conditions of his employment are as follows:

<b>Remuneration</b>	24.00 Lakhs p.a.
<b>Term of appointment</b>	Three years from August 31, 2017 subject to liable to retire by rotation

<b>Perquisites</b>	<ul style="list-style-type: none"> <li>• Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 (43 of 1961);</li> <li>• Gratuity payable at a rate not exceeding half a month's salary for each completed year of service; and</li> <li>• Encashment of leave at the end of the tenure.</li> </ul>
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### **Terms and conditions of employment of our Non-Executive Director and Independent Director**

Non-Executive and Independent Directors of our Company may be paid sitting fees, commission and any other amounts as may be decided by our Board in accordance with the provisions of the Articles of Association, the Companies Act, 2013 and other applicable laws and regulations.

Our Company has not paid any remuneration to Non-Executive Directors and Independent Directors in Fiscal 2017-18.

### **SHAREHOLDING OF OUR DIRECTORS IN THE COMPANY**

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares.

The following table sets forth the shareholding of our Directors as on the date of this Red Herring Prospectus:

<b>Sr. No.</b>	<b>Name of the Director</b>	<b>No. of Equity Shares</b>	<b>% of Pre Offer Equity Capital</b>	<b>Share</b>	<b>% of Post Offer Equity Capital</b>	<b>Share</b>
1.	Minto Purshotam Gupta	21,07,667		15.61		13.41
2.	Hitesh Patel	53,25,214		39.44		24.98
3.	Meenakshi Gupta	23,07,333		17.09		10.87
4.	Yezdi Jal Batliwala	1,00,000		0.74		0.64
	<b>Total</b>	<b>98,40,214</b>		<b>72.88</b>		<b>49.89</b>

### **INTERESTS OF DIRECTORS**

#### **Interest in promotion of our Company**

Our Directors may be deemed to be interested in the promotion of the Company to the extent of the Equity Shares held by them and also to the extent of any dividend payable to them on their holding of such shares and other distributions in respect of the aforesaid Equity Shares. For further details, refer to chapter titled "Related Party Transactions" and "Our Promoter and Promoter Group" beginning on page 198 and 190 of this Red Herring Prospectus.

#### **Interest in the property of our Company**

Except as stated in the heading titled "*Immovable Properties*" under the chapter titled "*Our Business*" beginning on page 139 and chapter titled "*Related Party Transaction*" on page 198 of the Red Herring Prospectus, our Directors have not entered into any contract, agreement or arrangements in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them. Further our Directors do not have any interest in any immovable property acquired or proposed to be acquired of the Company or by the Company except otherwise disclosed in the heading titled "*Immovable Properties*" under the chapter titled "*Our Business*" beginning on page 139 of the Red Herring Prospectus.

#### **Interest as member of our Company**

As on date of this Red Herring Prospectus, our Directors together hold 98,40,214 Equity Shares in our Company i.e. 72.88% of the pre issue paid up share capital of our Company. Therefore, our Directors are interested to the extent of their respective shareholding and the dividend declared and other distributions, if any, by our Company.

#### **Interest as a Creditor of our Company**

As on the date of this Red Herring Prospectus, except as stated in the chapter titled “Financial Indebtedness” and heading titled “Related Party Transactions” under chapter titled “Financial Statements as Restated” our Company has not availed loans from Directors of our Company.

#### **Interest as Director of our Company**

Except as stated above and in the chapters titled “*Financial Statements as Restated*” and “*Capital Structure*” beginning on pages 200 and 73 respectively of this Red Herring Prospectus our Directors, may be deemed to be interested to the extent of remuneration, reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of agreements entered into with our Company, if any and AoA of our Company.

#### **Interest as Key Managerial Personnel of our Company**

Minto Purshotam Gupta, Promoter and Managing Director and Meenakshi Gupta, Whole Time Director of the Company are the Key Managerial Personnel of the Company and may be deemed to be interested to the extent of remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of agreement entered into with our Company, if any and AoA of our Company and to the extent of Equity Shares held by them in our Company. They may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares. Other than as disclosed above, no other Director is interested as Key Managerial Personnel of the Company. For further details, please refer to heading titled “*Related Party Transactions*” under chapter titled “*Financial Statements as Restated*” beginning on page 200 of this Red Herring Prospectus.

#### **Interest in transactions involving acquisition of land**

Our Directors are not currently interested in any transaction with our Company involving acquisition of land. Except as stated/referred to under the heading titled “*Land and Property*” under chapter titled “*Our Business*” beginning on page 139 of this Red Herring Prospectus, our Directors have not entered into any contract, agreement or arrangements in relation to acquisition of property, since incorporation in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

#### **Other Indirect Interest**

Except as stated in chapter titled “*Financial Statements as Restated*” beginning on page 200 of this Red Herring Prospectus, none of our sundry debtors or beneficiaries of loans and advances are related to our Directors.

#### **Interest in the Business of Our Company**

Except as stated in “*Related Party Transactions*” in the chapter titled “*Financial Statements as Restated*” beginning on page 200 of this Red Herring Prospectus, our Directors do not have any other interests in our Company as on the date of this Red Herring Prospectus.

*Except as stated above and under the heading “Financial Statements, as restated – Annexure XXVII – Restated Statement of Related Parties Transactions” on page 200, under the section titled “Financial Information”, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Directors are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by our Company.*

### **SHAREHOLDING OF DIRECTORS IN SUBSIDIARIES AND ASSOCIATE COMPANIES**

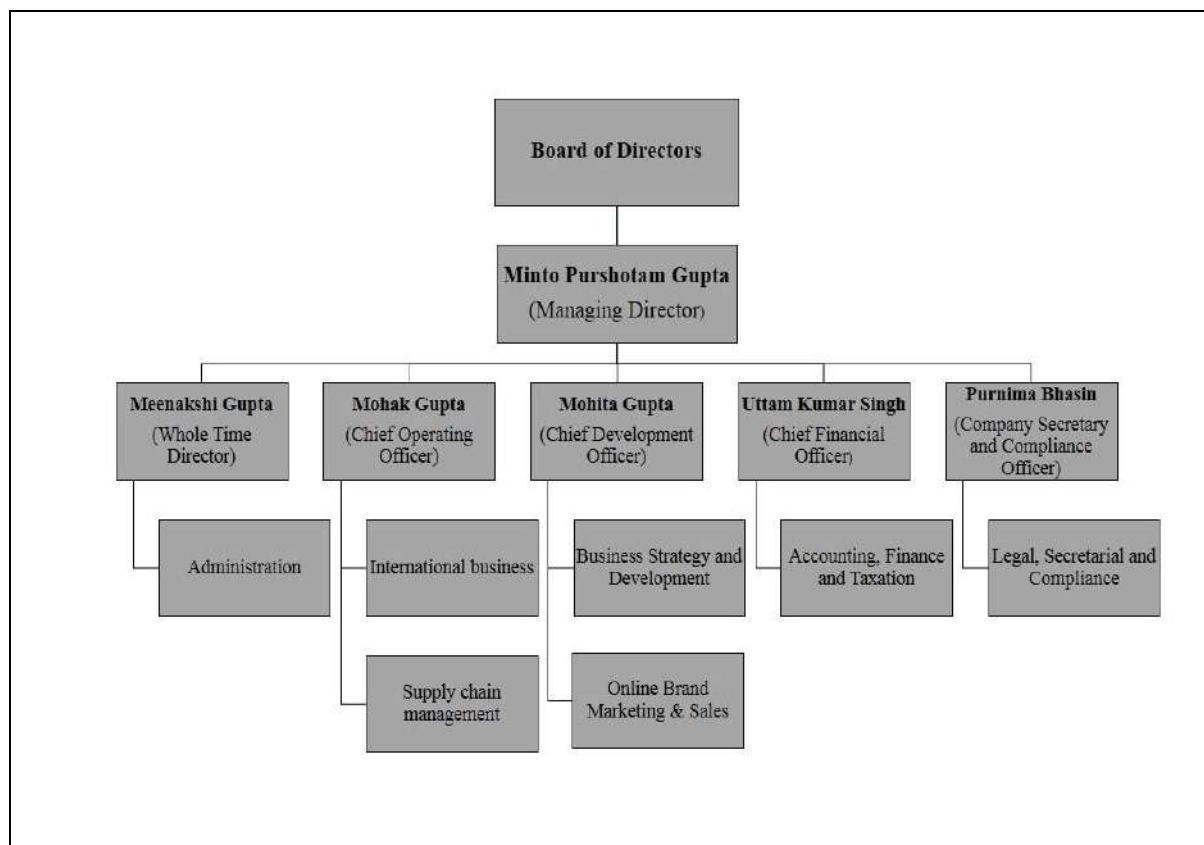
As on the date of Red Herring Prospectus our Company does not have any Subsidiary or Associate Company.

### **CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS**

Following are the changes in Directors of our Company in last three years prior to the date of this Red Herring Prospectus:

<b>Name of Director</b>	<b>Date of event</b>	<b>Nature of event</b>	<b>Reason</b>
Hitesh Patel	December 14, 2016	Appointment	Appointment as Additional Director
Anant kumar Shriram Ganediwal	July 01, 2017	Appointment	Appointment as Additional Director (Independent)
Suryakant Mainak	July 01, 2017	Appointment	Appointment as Additional Director (Independent)
Yezdi Jal Batliwala	July 01, 2017	Appointment	Appointment as Additional Director (Independent)
Minto Purshotam Gupta	August 31, 2017	Appointment	Appointment as Managing Director and Chairman
Meenakshi Gupta	August 31, 2017	Change in designation	Designated as Whole Time Director
Rani Venkata Satya Umamaheswara Rao	August 31, 2017	Change in designation	Designated as Whole Time Director
Hitesh Patel	August 28, 2017	Regularisation	Regularised as Director (Non Executive)
Anant kumar Shriram Ganediwal	August 28, 2017	Regularisation	Regularised as Director (Independent)
Suryakant Mainak	August 28, 2017	Regularisation	Regularised as Director (Independent)
Yezdi Jal Batliwala	August 28, 2017	Regularisation	Regularised as Director (Independent)
Narendra Singh	November 17, 2017	Appointment	Appointment as Additional Director (Independent)
Savita Bhutani	November 17, 2017	Appointment	Appointment as Additional Director (Independent)
Anant kumar Shriram Ganediwal	November 17, 2017	Resignation	Personal Reason
Suryakant Mainak	November 17, 2017	Resignation	Personal Reason
Yezdi Jal Batliwala	August 05, 2018	Change in Designation	Designated as Chairman cum Non - Executive Director
Minto Purshotam Gupta	August 05, 2018	Change in Designation	Designated as Managing Director
Rani Venkata Satya Umamaheswara Rao	August 05, 2018	Resignation	Personal Reason
Narendra Singh	September 20, 2018	Regularisation	Regularised as Independent Director
Savita Bhutani	September 20, 2018	Regularisation	Regularised as Independent Director

## ORGANISATIONAL STRUCTURE



## CORPORATE GOVERNANCE

In addition to the applicable provisions of the Companies Act, 2013 with respect to corporate governance, provisions of the SEBI Listing Regulations will also be complied with the extent applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchange.

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. We have complied with the requirements of the applicable regulations, including Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The Corporate governance framework is based on an effective Independent Board, the Board's Supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The Board functions either as a full board or through the various committees constituted to oversee specific operational areas.

As on the date of this Red Herring Prospectus, there are Six (6) Directors on our Board out of which three directors are independent Directors. Our Company is in compliance with the corporate governance norms prescribed under the Companies Act, 2013, particularly, in relation to appointment of Independent Directors to our Board and constitution of Board-level committees.

Our Company undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations, the Equity Listing Agreements and the Companies Act, 2013 to the extent applicable.

**The following committees have been constituted in terms of SEBI Listing Regulations and the Companies Act, 2013.**

- A. Audit Committee;
- B. Stakeholders Relationship Committee;
- C. Nomination and Remuneration Committee;
- D. Corporate Social Responsibility Committee.

## A) Audit Committee

Originally, our Company has constituted an audit committee ("**Audit Committee**"), as per Section 177 of the Companies Act 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; vide resolution passed at the meeting of the Board of Directors held on August 31, 2017. Further, due to change in the composition of Board, our company has reconstituted the Audit Committee vide a Board Resolution dated July 30, 2018.

The terms of reference of Audit Committee adheres to the requirements of Regulation 18 of the Listing Agreement, proposed to be entered into with the Stock Exchange in due course. The committee presently comprises the following three (3) directors:

Name of the Directors	Status	Nature of Directorship
Narendra Singh	Chairman	Independent Director
Savita Bhutani	Member	Independent Director
Hitesh Patel	Member	Non-Executive Director

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Audit Committee.

The Audit Committee shall have following powers:

- a. To investigate any activity within its terms of reference;
- b. To seek information from any employee;
- c. To obtain outside legal or other professional advice; and
- d. To secure attendance of outsiders with relevant expertise if it considers necessary.

The Audit Committee shall mandatorily review the following information:

- a. Management discussion and analysis of financial Position and results of operations;
- b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and
- e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the Audit committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The role of the Audit Committee not limited to but includes:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - ii. Changes, if any, in accounting policies and practices and reasons for the same;
  - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
  - iv. Significant adjustments made in the financial statements arising out of audit findings;
  - v. Compliance with listing and other legal requirements relating to financial statements;

- vi. Disclosure of any related party transactions;
  - vii. Qualifications in the draft audit report.
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval.
  6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus, notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  7. Review and monitor the auditor's independence, performance and effectiveness of audit process.
  8. Approval or any subsequent modification of transactions of the company with related parties.
  9. Scrutiny of inter-corporate loans and investments.
  10. Valuation of undertakings or assets of the company, wherever it is necessary.
  11. Evaluation of internal financial controls and risk management systems.
  12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
  14. Discussion with internal auditors any significant findings and follow up there on.
  15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
  16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
  17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
  18. To oversee and review the functioning of the vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee in appropriate and exceptional cases.
  19. Call for comments of the auditors about internal control systems, scope of audit including the observations of the auditor and review of the financial statements before submission to the Board.
  20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
  21. To investigate any other matters referred to by the Board of Directors.
  22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

#### **Meeting of Audit Committee and relevant Quorum**

The audit committee shall meet at least 4 times in a year and not more than 4 months shall elapse between 2 meetings. The quorum shall be either 2 members or one third of the members of the Audit Committee whichever is greater, but there shall be a minimum of 2 Independent Directors, who are members, present.



## B) Stakeholder's Relationship Committee

Originally, our Company has constituted a shareholder / investors grievance committee ("*Stakeholders' Relationship Committee*") to redress complaints of the shareholders. The Stakeholders' Relationship Committee was constituted vide resolution passed at the meeting of the Board of Directors held on August 31, 2017. Further, due to change in composition of Board, our company has re-constituted the Stakeholder's Relationship Committee vide Board Resolution dated November 21, 2017.

The Stakeholders' Relationship Committee comprises the following Directors:

Name of the Directors	Status	Nature of Directorship
Narendra Singh	Chairman	Independent Director
Savita Bhutani	Member	Independent Director
Hitesh Patel	Member	Non - Executive Director

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Stakeholders' Relationship Committee.

The Stakeholders Relationship Committee shall oversee all matters pertaining to investors of our Company. The scope and function of the Stakeholder's Relationship Committee and its terms of reference shall include the following:

### a. Tenure:

The Stakeholder's Relationship Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Stakeholder's Relationship Committee as approved by the Board.

### b. Meetings:

The Stakeholder's Relationship Committee shall meet at least four times a year with maximum interval of four months between two meetings and shall report to the Board on quarterly basis regard the status of redressal of complaints received from the shareholders of the Company. The quorum shall be two members present.

### c. Role of the Stakeholder's Relationship Committee:

The Committee shall consider and resolve grievances of security holders, including but not limited to:

1. Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa, issue of duplicate shares in lieu of those torn, destroyed, lost or defaced or where the cages in the reverse for recording transfers have been fully utilized.
2. Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.; and
3. Review the process and mechanism of redressal of Shareholders /Investors grievance and suggest measures of improving the system of redressal of Shareholders /Investors grievances.
4. Non-receipt of share certificate(s), non-receipt of declared dividends, non-receipt of interest/dividend warrants, non-receipt of annual report and any other grievance/complaints with Company or any officer of the Company arising out in discharge of his duties.
5. Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolved them.
6. Oversee the implementation and compliance of the Code of Conduct adopted by the Company for prevention of Insider Trading for Listed Companies as specified in the Securities & Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 as amended from time to time.
7. Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting.
8. Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

### C) Nomination and Remuneration Committee

Originally, our Company has constituted a Nomination and Remuneration Committee in accordance section 178 of Companies Act 2013. The constitution of the Nomination and Remuneration Committee was approved by a Meeting of the Board of Directors held on August 31, 2017. Further, due to change in the composition of Board, our company has re-constituted the Nomination and Remuneration Committee vide a Board Resolution dated July 30, 2018. Currently, the said committee is comprised as under:

Name of the Director	Status	Nature of Directorship
Savita Bhutani	Chairperson	Independent Director
Narendra Singh	Member	Independent Director
Hitesh Patel	Member	Non – Executive Director

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Nomination and Remuneration Committee. The scope and function of the Committee and its terms of reference shall include the following:

- a. **Tenure:** The Nomination and Remuneration Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.
- b. **Meetings:** The committee shall meet as and when the need arise for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. Meeting of the Nomination and Remuneration Committee shall be called by at least seven days' notice in advance.
- c. **Role of the Nomination and Remuneration Committee not limited to but includes:**
  - Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to, the remuneration for directors, KMPs and other employees.
  - Identifying persons who are qualified to become directors and may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
  - Formulation of criteria for evaluation of performance of independent directors and Board of Directors
  - Devising a policy on diversity of board of directors
  - Deciding on, whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
  - Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors.
  - Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.
  - Decide the amount of Commission payable to the Whole time Director / Managing Directors.
  - Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc.
  - To formulate and administer the Employee Stock Option Scheme.

#### D) Corporate Social Responsibility Committee

Our Company has constituted a Corporate Social Responsibility Committee in accordance section 135 of Companies Act 2013. The constitution of the Corporate Social Responsibility Committee was approved by a Meeting of the Board of Directors held on August 31, 2017. The said committee is comprised as under:

The Corporate Social Responsibility Committee comprises the following Directors:

Name of the Director	Status	Nature of Directorship
Minto Purshotam Gupta	Chairman	Managing Director
Hitesh Patel	Member	Non-executive Director
Yezdi Jal Batliwala	Member	Chairman and Non – Executive Director

- a. **Tenure:** The Corporate Social Responsibility Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.
- b. **Meetings:** The committee shall meet as and when the need arise for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. Meeting of the Corporate Social Responsibility Committee shall be called by at least seven days' notice in advance.

The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. Meeting of the Corporate Social Responsibility Committee shall be called by at least seven days' notice in advance.

#### c. Terms of Reference:

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as per the Companies Act, 2013;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;

Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

#### Policy on Disclosures and Internal Procedure for Prevention of Insider Trading:

The provisions of Regulation 9(1) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 will be applicable to our Company immediately upon the listing of its Equity Shares on the SME Platform of BSE Limited. We shall comply with the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015 on listing of Equity Shares on stock exchanges. Further, Board of Directors at their meeting held on August 31, 2017 have formulated and adopted the code of conduct to regulate, monitor and report trading by its employees and other connected persons.

Purnima Bhasin, Company Secretary & Compliance Officer will be responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the Code of Conduct under the overall supervision of the board.

#### KEY MANAGERIAL PERSONNEL

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company. Below are the details of the Key Managerial Personnel of our Company:

**The details of our Key Managerial Personnel are set out below:**

#### **Minto Purshotam Gupta, Promoter, Managing Director**

**Minto Purshotam Gupta**, aged 60 years is the *Promoter and Managing Director* of our Company. He has been director of our Company since August 31, 1999 and has been designated as Chairman and Managing Director w.e.f August 31, 2017. Further, he has been designated as Managing Director w.e.f. August 05, 2018. He has completed his Master of Science in Biochemistry from University of Bombay. He has an experience of more than two decades in the industry in which Company operates. He has

been instrumental in formulating the business strategies of our Company and is entrusted with the responsibility of looking after the overall management and operations of the Company.

**Meenakshi Gupta, Whole Time Director**

**Meenakshi Gupta**, aged 58 years is the *Whole Time Director* of our Company. She was appointed as Additional Director of our company on October 29, 2014 and has regularised as Non-Executive Director w.e.f. September 30, 2015. Further, she has been designated as Whole Time Director w.e.f August 31, 2017 for a period of three years and liable to retire by rotation. She holds Master Degree in Science from Maharaja Sayajirao University of Baroda She is responsible for corporate development, training & education and Human Resource management.

**Mohak Gupta, Chief Operating Officer**

**Mohak Gupta**, aged 33 years is *Chief Operating Officer* of our Company. He is Associated with our Company since 2011 and has been designated as Chief Operating Officer w.e.f. July 30, 2018. He has completed his Master of Business Administration from Pandit Deendayal Petroleum University and Bachelor of Commerce from Osmania University, Hyderabad. Additionally, he has completed Management Students Program from Indian Institute of Management, Ahmedabad. He has experience of over 10 years in the Banking and Nutraceutical industry. He is looking after International Business and supply chain management of our Company.

**Mohita Gupta, Chief Development Officer**

**Mohita Gupta**, aged 29 years is *Chief Development Officer* of our Company. She is associated with our Company since 2010 and has designated as Chief Development Officer of our Company w.e.f. July 30, 2018. She has been awarded by the London School of Economics and Political Science the Master of Science in the field of Accounting, Organisations and Institutions. Additionally, she has completed her Master of Business Administration specialising in Business Laws from NALSAR University of Law, Hyderabad and Bachelor of Commerce from Osmania University. In 2016, She also participated in the doing business with respect to human rights conference at the United Nations Office, Geneva. She has an experience of 8 years in the Nutraceutical Industry. She is looking after Business Strategy and Development and online brand marketing and sales of the Company.

**Uttam Kumar Singh, Chief Financial Officer**

**Uttam Kumar Singh**, aged 56 years is *Chief Financial Officer* of our Company. He has been appointed as Chief Financial Officer of the company w.e.f. July 30, 2018. He is responsible for looking after accounting, finance and taxation of our Company.

**Purnima Bhasin, Company Secretary and Compliance Officer**

**Purnima Bhasin**, aged 25 years, is *Company Secretary and Compliance Officer* of our Company with effect from January 01, 2018. She is a Company Secretary by qualification and an Associate member of Institute of Company Secretaries of India. She looks after the Legal, Secretarial and Compliance Department of our Company.

**RELATIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL**

Except as stated below, none of the key managerial personnel are related to the each other within the meaning of Section 2 (77) of the Companies Act, 2013. All of Key Managerial Personnel are permanent employees of our Company.

Name of the key managerial personnel	Name of the Other key managerial personnel	Relationship
Minto Purshotam Gupta	Meenakshi Gupta	Husband-Wife

**RELATIONSHIPS OF DIRECTORS/ AND PROMOTERS WITH KEY MANAGERIAL PERSONNEL**

None of our Directors of the Company are related to the Key Managerial Personnel within the meaning of Section 2(77) of the Companies Act, 2013 except as mentioned below:

Name of Director	Name of KMP	Relationship
Minto Purshotam Gupta	Meenakshi Gupta	Husband-Wife

## ARRANGEMENTS AND UNDERSTANDING WITH MAJOR SHAREHOLDERS / CUSTOMERS / SUPPLIERS

None of our Key Managerial Personnel have been appointed as Key Managerial Personnel pursuant to any arrangement with our major shareholders, customers, suppliers or others.

## SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

Except as disclosed below, none of the Key Managerial Personnel hold any Equity Shares of our Company as on the date of this Red Herring Prospectus.

Sr. No.	Name of the Key Managerial Personnel	No. of Equity Shares	% of Pre Offer Equity Share Capital	% of Post Offer Equity Share Capital
1.	Minto Purshotam Gupta	21,07,667	15.61	13.41
2.	Meenakshi Gupta	23,07,333	17.09	10.87

## REMUNERATION PAID TO KEY MANAGERIAL PERSONNEL (KMP)

Except as mentioned below, no other current KMPs have received remuneration during the period ended on March 31, 2018.

Name of the KMPs	Amount (in Lakhs)
Minto Purshotam Gupta	52.40
Meenakshi Gupta	22.00

## BONUS OR PROFIT SHARING PLAN OF THE DIRECTORS/ KEY MANAGERIAL PERSONNEL

Our Company has not entered into any Bonus or Profit Sharing Plan with any of the Directors, Key Managerial Personnel.

## CONTINGENT AND DEFERRED COMPENSATION PAYABLE TO KEY MANAGERIAL PERSONNEL

None of our Key Managerial Personnel has received or is entitled to any contingent or deferred compensation.

## LOANS TO KEY MANAGERIAL PERSONNEL

The Company has not given any loans and advances to the Key Managerial Personnel as on the date of this Red Herring Prospectus.

## INTEREST OF KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of our Company have interest in our Company to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company, if any and dividends payable thereon, if any.

Except as disclosed in this Red Herring Prospectus, none of our key managerial personnel have been paid any consideration of any nature from our Company, other than their remuneration.

Except as stated in the heading titled “*Related Party Transactions*” under the Section titled “Financial Statements as Restated” beginning on page 200 of this Red Herring Prospectus and described herein above, our key managerial personnel do not have any other interest in the business of our Company.

## CHANGES IN KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS

The Changes in the Key Managerial Personnel in the last three years from the date this Red Herring Prospectus are as follows:

Name of Managerial Personnel	Date of Event	Nature of event	Reason
Minto Purshotam Gupta	August 31, 2017	Change in Designation	Appointment as Chairman & Managing Director
Meenakshi Gupta	August 31, 2017	Change in Designation	Appointment as Whole Time Director
Rani Venkata Satya Umamaheswara Rao	August 31, 2017	Change in Designation	Appointment as Whole Time Director
Narahari Bellamkonda	August 31, 2017	Appointment	Appointment as Company Secretary and Compliance Officer
Mohita Gupta	August 31, 2017	Appointment	Appointment as Chief Financial Officer
Narahari Bellamkonda	January 01, 2018	Resignation	Personal Reason
Purnima Bhasin	January 01, 2018	Appointment	Appointment as Company Secretary and Compliance Officer
Minto Purshotam Gupta	August 05, 2018	Change in Designation	Designated as Managing Director
Rani Venkata Satya Umamaheswara Rao	August 05, 2018	Resignation	Personal Reason
Mohita Gupta	July 30, 2018	Resignation	Personal Reason
Uttam Kumar Singh	July 30, 2018	Appointment	Appointed as Chief Financial Officer
Mohita Gupta	July 30, 2018	Appointment	Appointed as Chief Development Officer
Mohak Gupta	July 30, 2018	Appointment	Appointed as Chief Operating Officer

Other than the above changes, there have been no changes to the KMP of our company that are not in the normal cause of employment.

## ESOS/ESPS SCHEME TO EMPLOYEES

Our Company has formulated “Deccan Health Care Employees Stock Option Scheme – 2010” but the same was not implemented. Presently, we do not have any ESOP/ESPS Scheme for employees.

## PAYMENT OR BENEFIT TO OUR OFFICERS (NON SALARY RELATED)


Except as disclosed in the heading titled “*Related Party Transactions*” in the section titled “*Financial Statements as Restated*” beginning on page 200 of this Red Herring Prospectus, no amount or benefit has been paid or given within the three preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as officers or employees.


## OUR PROMOTER AND PROMOTER GROUP

### OUR PROMOTERS

The Promoters of our Company are Minto Purshotam Gupta and Hitesh Patel. As on date of this Red Herring Prospectus, our Promoters hold 74,32,881 Equity Shares representing 55.05% of the pre-issue Paid up Capital of our Company.

**Brief profile of our Individual Promoters is as under:**

	<b>Minto Purshotam Gupta, Managing Director</b>
	<p>Minto Purshotam Gupta, aged 60 years is the Promoter and Managing Director of our Company. He has been director of our Company since September 1, 1999 and has been designated as Managing Director w.e.f August 05, 2018. He has completed his Master of Science in Biochemistry from University of Bombay. He has an experience of more than three decades in the industry in which Company operates. He has provided consultancy and Research services of health food supplements to eradicate micronutrient deficiency and reduce risk of diseases affecting the mankind. He has been instrumental in formulating the business strategies of our Company and is entrusted with the responsibility of looking after the overall management and operations of the Company.</p> <p><b>Date of Birth:</b> August 09, 1958</p> <p><b>Nationality:</b> Indian</p> <p><b>DIN:</b> 00843784</p> <p><b>PAN:</b> ACWPG4667R</p> <p><b>Passport No:</b> G4991061</p> <p><b>Driving License:</b> 95631995OS</p> <p><b>Aadhar Card No.:</b>2376 3038 8356</p> <p><b>Address:</b> 2B, Sunshine Crescent, Road No. 4, Banjara Hills, Hyderabad – 500034, Telangana, India.</p> <p><b>Other ventures promoted by him:</b></p> <ul style="list-style-type: none"><li>• Mintakashi FMCH Products India (OPC) Private Limited</li><li>• Mintokashi Associates And Investments Private Limited</li></ul> <p>For further details relating to Minto Purshotam Gupta, including terms of appointment as Managing Director and other directorships please refer to the chapter titled “Our Management” beginning on page 174 of this Red Herring Prospectus.</p>

	<b>Hitesh Patel, Promoter and Non – Executive Director</b>
	<p>Hitesh Patel, aged 43 years is the Promoter and Non – Executive Director of our Company. He was appointed as additional director of our company on December 14, 2016 and regularised w.e.f. August 28, 2017. He has passed his Senior Secondary Examination from S.K. Somaiya Vinay Mandir. He is the guiding force behind all the strategic decisions.</p> <p><b>Date of Birth:</b> June 14, 1975</p> <p><b>Nationality:</b> Indian</p> <p><b>DIN:</b> 02080625</p> <p><b>PAN:</b> AMMPP6335M</p> <p><b>Passport No:</b> L9988780</p> <p><b>Driving License:</b> MH03 19930021571</p> <p><b>Aadhar Card:</b> 9846 6026 8595</p> <p><b>Address:</b> 3, 8/9, Kailash Nagar, M. G. Road, Ghatkopar, Mumbai 400077, Maharashtra, India</p> <p><b>Other ventures promoted by him:</b></p> <p>Nil</p> <p>For further details relating to Hitesh Patel, including terms of appointment as Non-Executive Director and other directorships please refer to the chapter titled “<i>Our Management</i>” beginning on page 174 of this Red Herring Prospectus.</p>

## DECLARATION

Our Company confirms that the Permanent Account Number, Bank Account Number and Passport Number of our Promoters have been submitted to the Stock Exchange at the time of filing of this Draft Red Herring Prospectus with it.

Our Promoter Hitesh Patel is not original promoter of our Company. Hitesh Patel has first acquired shares of our Company on June 17, 2008 through allotment. For further details, please refer chapter titled “*Capital Structure*” on page 73 of this Red Herring Prospectus. Further, since our company was an unlisted company at the time of acquisition of shares by our Promoters, so, provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as applicable, and the Listing Agreement or the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, were not applicable.

## INTEREST OF PROMOTERS

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their shareholding and the dividend receivable, if any and other distributions in respect of the Equity Shares held by them. For details regarding shareholding of our Promoters in our Company, please refer “*Capital Structure*” on page 73 of this Red Herring Prospectus.

Our Promoters are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to our Promoters or to such firm or company in cash or otherwise by any person for services rendered by our Promoters or by such firm or company in connection with the promotion or formation of our Company.

Some of our Promoters may also be deemed to be interested in our Company to the extent of their shareholding in our Group Companies with which our company transacts during the course of its operations.

Our Promoters are the Directors of our Company and may be deemed to be interested to the extent of remuneration and/ or reimbursement of expenses payable to them for services rendered to us in



accordance with the provisions of the Companies Act and in terms of the agreements entered into with our Company, if any and AoA of our Company. For details refer to the chapter titled “Our Management”, “Financial Statements” and “Capital Structure” beginning on pages 174, 200 and 73 respectively of this Red Herring Prospectus.

Except as mentioned in the chapter titled “Our Business” under “Land & Property”, our Promoters do not have any other interest in any property acquired or proposed to be acquired by our Company in a period of two years before filing of this Red Herring Prospectus or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

For details of related party transactions entered into by our Company during last financial year with our Promoters and Group Companies, the nature of transactions and the cumulative value of transactions, see “Related Party Transactions” on page no 198 of this Red Herring Prospectus.

Further, our Promoter(s) has given personal guarantees, respectively, towards financial facilities availed from Bankers of our Company; therefore, are interested to the extent of the said guarantees. Further, they have also extended unsecured loans amounting to Rs. 11.19 lakhs as on June 30, 2018 and is therefore, interested to the extent of the said loans.

Further, none of our Promoters have given material guarantees to the third party (ies) with respect to the specified securities of the Company.

#### **PAYMENT OR BENEFITS TO PROMOTERS**

Except as stated otherwise in the chapter titled “Related Party Transactions” on page 198 of this Red Herring Prospectus, there have been no payments or benefits to the Promoters during the two years prior to filing of this Red Herring Prospectus.

#### **OUR PROMOTER GROUP**

Our Promoter Group in terms of Regulation 2(1) (pp) of the SEBI (ICDR) Regulations, 2018 is as under:

##### **A. Natural Persons who are part of our Promoter Group:**

<b>Relationship with Promoters</b>	<b>Minto Purshotam Gupta</b>	<b>Hitesh Patel</b>
<b>Father</b>	Mohanlal Gupta	Mohanbhai Patel
<b>Mother</b>	-	Jiviben Mohanbhai Patel
<b>Brother</b>	-	Vipul Patel
<b>Sister</b>	1) Shinny Anandna 2) Kinny Paul	1) Alpa Paresh Patel 2) Rekha Dinesh Patel 3) Sheetal Pranay Rathod
<b>Spouse</b>	Meenakshi Gupta	Bhavna Patel
<b>Son</b>	Mohak Gupta	Yash Patel
<b>Daughter</b>	Mohita Gupta	Yashvi Patel
<b>Spouse’s Father</b>	-	Jivan Haja Patel
<b>Spouse’s Mother</b>	-	Jiviben Jivan Patel
<b>Spouse’s Brother</b>	Rajeev Pathak	1) Kishor Patel 2) Vijay Patel
<b>Spouse’s Sister</b>	NA	NA

##### **B. Companies, firms, proprietorships and HUFs which form part of our Promoter Group are as follows:**

1. Mintakashi FMCH Products India (OPC) Private Limited (One Person Company owned by Minto Purshotam Gupta);
2. Mintokashi Associates and Investments Private Limited;
3. DWC Global Private Limited ;
4. Speciality Research and Life Sciences (Proprietorship of Wife of Minto Purshotam Gupta);
5. Jai Chamunda Agency.

#### **RELATIONSHIP OF PROMOTERS WITH OUR DIRECTORS**

Except as stated below, none of our Promoter(s) are related to any of our Company's Directors within the meaning of Section 2 (77) of the Companies Act, 2013.

<b>Name of the Promoter</b>	<b>Name of the Director</b>	<b>Relation</b>
Minto Purshotam Gupta	Meenakshi Gupta	Husband-Wife

#### **DISASSOCIATION BY THE PROMOTER IN THE LAST THREE YEAR**

Our Promoter, Hitesh Patel has disassociated himself from Fitness Millennium Private Limited by way of transferring his entire shareholding on August 04, 2018 and has also resigned from Directorship in the Company w.e.f. August 03, 2018 due to personal reason and pre-occupation.

#### **LITIGATION INVOLVING OUR PROMOTER**

For details of legal and regulatory proceedings involving our Promoters, refer to the chapter titled "*Outstanding Litigation and Material Developments*" on page 251 of this Red Herring Prospectus.

#### **CONFIRMATIONS**

Our Promoters and members of the Promoter Group have not been debarred from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoters are not a promoter, director of any other Company which is debarred from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

Further, except as mentioned in the Chapter titled "Outstanding Litigations and Material Development" beginning on page 251 of the Red Herring Prospectus, there are no violations of securities laws committed by our Promoter in the past and no proceedings for violation of securities laws are pending against them.

Neither our Company nor Promoters are wilful defaulters.

None of our Promoters are a Fugitive Economic Offender.

Except as disclosed in "*Related Party Transactions*" on page 198 of this Red Herring Prospectus, our Promoters are not related to any of the sundry debtors or are not beneficiaries of Loans and Advances given by/to our Company.

## OUR GROUP COMPANIES

In accordance with the provisions of the SEBI (ICDR) Regulations, for the purpose of identification of Group Companies, our Company has considered companies as covered under the applicable accounting standards, i.e. Accounting Standard 18 issued by the Institute of Chartered Accountants of India and such other companies as considered material by our Board. Pursuant to a resolution dated September 20, 2018 our Board vide a policy of materiality has resolved that except as mentioned in the list of related parties prepared in accordance with Accounting Standard 18 no other Company is material in nature. Further, companies which have not been disclosed as related parties in the restated financial statements of our company for the last five financial years or which are no longer associated with our Company have not be disclosed as Group Companies.

The following companies have been identified as Group Companies of our Company:

1. Mintakashi FMCH Products India (OPC) Private Limited;
2. Mintokashi Associates and Investments Private Limited.

### CONFIRMATIONS

Unless otherwise specifically stated in this section, none of the Group Companies (i) are listed on any stock exchange in India or abroad; (ii) have completed any public or rights issue in the preceding three years; (iii) have become a sick company within the meaning of the erstwhile SICA; (iv) are under winding-up; (v) have become defunct; (vi) have made an application to the relevant registrar of companies in India in whose jurisdiction such Group Company is registered in the five years preceding the date of filing this Red Herring Prospectus with SEBI, for striking off its name; (vii) have received any significant notes from the auditors; (viii) had a negative net worth as of the date of their last audited financial statements, or (ix) have any pending litigation which has or a material impact on our Company.

### OUR GROUP COMPANIES:

The Details of our Group Companies are provided below:

#### 1. MINTAKASHI FMCH PRODUCTS INDIA (OPC) PRIVATE LIMITED (“MINTAKASHI FMCH”)

##### *Corporate Information -*

Mintakashi FMCH Products India (OPC) Private Limited is a Private Limited (One Person Company) Company incorporated on November 15, 2016 under the provisions of Companies Act, 2013 and has its registered office situated at H. No.: 6-3- 533 to 535/5, Pavani Villas, Dwarakapuri Colony, Punjagutta, Hyderabad – 500082, Telangana, India. The Corporate Identification Number is U74999TG2016OPC112940.

The Mintakashi FMCH has following Director on its Board –

1. Minto Purshotam Gupta

##### *Main Object:*

1. To carry on the business of manufacture, process, refine, formulate, import, export, buy, sell and otherwise deal in all kinds of ayurvedic, unani, homeopathic, allopathic medicine and Herbal cosmetics, herbal and life saving drugs; and to carry on the business as dealers, manufactures, traders, exporters, importers, distributors, direct selling agent and to act as chemist, druggist of all types of life saving drugs, medicines, toilet requisites and other related and ancillary products.
2. To carry on the business of manufactures, fabricators, processors, producers, growers, makers, importers, exporters buyers, sellers, suppliers, stockiest, agents, merchants, distributors and concessionaries of and dealers in commodities of all or any drugs medicines, herbals, medicinal plants and all types of plantation mixtures, powders, tablets, capsules, injections, oils, compounds, creams, pastes, soaps, scents glycerin, detergents, glue gelatin, lotions, toilet goods, piedmonts and all kinds of cosmetics and medicinal preparation required or used for beauty and personal hygiene and nutritional or in allopathic, ayurvedic, homeopathic, unani or natural cure method of orthopedic and stores including prophylactics.
3. To carry on the business of manufactures, developers, buyers, sellers, traders, importers, exporters, processors, commission agents, distributors, dealers, relabellers, re-packers and representatives in

any legal form for all kinds of food and beverages including but not limited to fruits, vegetables, confectionery, infant nutrition, clinical nutrition, performance nutrition, cereals, coffee, tea, wheat, flour, food grains, pulses, cereals, rice, spices, sugar, sugar products, vegetable ghee, edible oil, cooking oil, mineral oil, cocoa based and other food products and to establish industrial Unit(s) for manufacturing of food and beverages and to do all such things as are incidental or conducive act to the attainment of the object of the establishment and operation of such industrial, manufacturing or business unit including rendering consultancy services to government, international institutions, individuals, firms, companies, bodies, trusts, non-government organizations, associations in the area of strategic planning, project management, institutional development, capacity building and other ancillary services relating to accounting, financial management, financial monitoring, business support and outsourcing, business start-up support services.

4. To carry in India or elsewhere the business to process, develop, prepare, disinfect, compound, mix clean wash, concentrate, crush, grind, segregate, pack, repack, add remove, heat, grade, preserve freeze, distillate, oil, sterilize, improve, extract refine, buy, sell, resale, import, export, barter, transport, store, forward, distribute, dispose, develop, handle, manipulate, consultant, collaborator, stockiest, liasioner, middleman, export house, job worker or otherwise to deal in all types, descriptions, tastes, uses and packs of consumer food items, their byproducts, ingredients, derivatives, residues, including foods and vegetables, packed foods, powders, pastes, liquids, drinks, beverages, juices, jams, jelly, murabbas, jiggery, squashes, pickles, sausages, concentrates, extracts essences, flavors, syrups, sarabats, flavored drinks, cream, cheese, butter, toffees, fun foods, breakfast foods, ready to serve food(RTS), dietic products, strained baby foods, instant foods, ready to products, table delicacies, ayurvedic health boosters like chyawanprash, health & nutritional drinks and all other items whether natural, artificial or synthetic.
5. To carry on the business as manufactures, processors, producers, traders, of and dealers in dairy, farm, and garden produce of all kinds, such as milk, cream, butter, ghee, cheese, condensed milk, milk powder, malt products, milk foods and milk preparations of all description, vegetables, and fruits of all kinds and to carry on the business of canning and food preservation tinning and bottling of food stuffs, fruits, vegetables, jam, pickles, sausages, table delicacies and preserved provisions of all kinds and to establish own, operate acquire, run and mange canning and such other factories for the purpose of packing, preserving and canning such articles and products and also to carry on the business of milling of grains by taking on lease, hiring, purchasing, erecting, or otherwise acquiring rice mills, husking mills, grinding mills, cleaning, grading, polishing of all kinds of pulses, rice, spices, and other food grains and cereals in any or all its branches as would be required for effective discharge of these objects.

***Nature and Extent of Interest of Promoters -***

Our Promoter and Managing Director Minto Purshotam Gupta is a Director and Shareholder to the extent of 100% in Mintakashi FMCH.

***Financial Information –***

(₹ In Lakhs)

<b>Particulars</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Authorised Share Capital	10.00	10.00
Paid up Equity Capital	1.00	1.00
Reserves & Surplus (excluding revaluation reserve)	(5.43)	(5.89)
Sales/ Income	146.38	0.04
Profit After Tax	0.46	(5.89)
Earnings per share (Basic and Diluted) (in ₹.)	4.61	(58.89)
Net Asset Value (in ₹)	(44.28)	(48.90)

**2. MINTOKASHI ASSOCIATES AND INVESTMENTS PRIVATE LIMITED  
("MINTOKASHI ASSOCIATES")**

***Corporate Information -***

Mintokashi Associates and Investments Private Limited is a Private Limited Company incorporated on November 04, 1997 under the provisions of Companies Act, 1956 and has its registered office situated at 28, Sunshine Crescent, road No.4, Banjara Hills, Hyderabad – 500034, Telangana, India. The Corporate Identification Number is U65993TG1997PTC028289.

The Mintokashi Associates has following Directors on its Board:

1. Minto Purshotam Gupta
2. Meenakshi Gupta

**Main Object -**

1. To carry on the business of an Investment Company in all its branches and without prejudice to the generality of the forgoing to buy, underwrite, invest in and acquire and hold, sell and deal in shares, stocks, debentures, debentures stocks, bonds, obligations and securities issued or guaranteed by any company constituted or carrying on business in India or elsewhere and debentures stocks, bonds, obligations and securities issued or guaranteed by any Government, state, Dominions, Sovereign, Rules, commission, Public Body or authority Supreme, Municipal Local or otherwise, Firm or person whether in India or elsewhere.
2. To form, subsidize, organize and assist or aid in forming, promoting organizing or subsidizing companies, syndicates or partnerships of all kind for the purpose of acquiring and undertaking any property and liabilities of this Company, or for advancing directly or indirectly the object thereof, or for any other purpose which this company may think expedient, to constitute any trust with a view to the Issue of preferred, differed or any special stocks, securities, certificates or other documents based on or representing any special stocks or other assets of any such trust and to settle and regulate and ,if thought fit, to undertake and execute any such trusts and to issue, hold or dispose of any such preferred, differed or other special stocks, securities, certificates or documents.

**Nature and Extent of Interest of Promoters -**

Our Promoter, Minto Purshotam Gupta along with his wife Meenakshi Gupta, are Directors and Shareholders to the extent of 100% in Mintokashi Associates.

**Financial Information -**

(₹ In lakhs)

Particulars	March 31, 2018	March 31, 2017	March 31, 2016
Authorised Share Capital	25.00	25.00	25.00
Paid up Equity Capital	1.00	1.00	1.00
Reserves & Surplus (excluding revaluation reserve)	2.00	1.95	2.14
Sales/ Income	0.30	-	-
Profit After Tax	0.06	(19.68)	(20.78)
Earnings per share (Basic and Diluted) (in ₹.)	0.62	(1.97)	(20.78)
Net Asset Value (in ₹)	30.09	29.47	31.43

**LITIGATION AGAINST GROUP COMPANIES**

As on date of this Red Herring Prospectus, none of the group companies are involved in any litigations which have a material impact on our Company.

**DEFUNCT/ STRUCK-OFF COMPANY**

None of our Group Companies have remained defunct and no application has been made to the Registrar of Companies for striking off the name of any of our Group Companies during the five years preceding the date of filing the Red Herring Prospectus with Stock exchange.

**INTEREST OF OUR GROUP COMPANIES**

### **Interest in the promotion of our Company**

None of our Group Companies have any interest in the promotion of our Company.

### **Interest in the properties acquired or proposed to be acquired by our Company in the past three years or proposed to be acquired**

Except as mentioned in the chapter titled "*Our Business*" under the heading Land & Property beginning on page 139 of this Red Herring Prospectus, none of our Group Companies have any interest in the properties acquired or proposed to be acquired by our Company in the three years preceding the filing of Red Herring Prospectus.

### **Interest in the transactions for acquisition of land, construction of building and supply of machinery**

None of our Group Companies are interested in any transaction for acquisition of land, construction of building or supply of machinery.

## **COMMON PURSUITS**

Except as otherwise disclosed in this Red Herring Prospectus, our Group Companies do not have any interest in the promotion or formation of our Company. our Group Companies viz. Mintakashi FMCH Products India (OPC) Private Limited authorised to carry on business activities, similar to that of our Company, pursuant to the provisions of their respective memorandum of association or charter documents. As and when conflicts arise, we will examine similar viable solutions under applicable law and as determined by our Board of Directors.

### **Related Business transactions between our Company & Group Companies and significance on the financial performance of our Company**

Except as disclosed in "Related Party Transactions" on page 198 of this Red Herring Prospectus, there are no related business transactions of our Company with its Group Companies and significance of the same on the financial performance of our Company.

### **Business interests of group companies/ subsidiaries/ associate companies in our Company**

Other than as disclosed in "Related Party Transactions" on page 198 of this Red Herring Prospectus, none of the group companies/ subsidiaries/ associate companies have any interests in the business of our Company or interest of any other nature as on the date of this Red Herring Prospectus.

### **Payment or benefit to our Group Companies**

Except as stated in chapter titled "*Related Party Transactions*" beginning on page 198 of this Red Herring Prospectus, there has been no payment of benefits to our group companies during the period ended on June 30, 2018 and financial years ended, March 31, 2018, March 31, 2017, March 31, 2016.

## **RELATED PARTY TRANSACTION**

For details on Related Party Transactions of our Company, please refer to *Annexure XXVII* of restated financial statement under the section titled, “*Financial Statements*” beginning on page 200 of this Red Herring Prospectus.

## **DIVIDEND POLICY**

Under the Companies Act, 2013, an Indian company pays dividends upon a recommendation by its Board of Directors and approval by a majority of the shareholders. Under the Companies Act, 2013 dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous years or out of both.

Our Company does not have a formal dividend policy. Any dividends to be declared shall be recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion. Our Company has not paid any dividend for the last five years and till June 30, 2018.

Dividends are payable within 30 days of approval by the Equity Shareholders at the annual general meeting of our Company. When dividends are declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the “record date” are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by our Company.



**SECTION VI – FINANCIAL STATEMENTS**  
**FINANCIAL STATEMENTS AS RE-STATED**

**Independent Auditor’s Report for the Restated Financial Statements of  
Deccan Health Care Limited**

**Auditor’s Report on the Restated Statement of Assets and Liabilities as at June 30, 2018, March 31, 2018, 2017 and 2016 Profit and Loss and Cash Flows for each of the years/Period ended on June 30, 2018, March 31, 2018, 2017 and 2016 of Deccan Health Care Limited (collectively, the “Restated Summary Statements”)**

**To,**  
**The Board of Directors**  
**Deccan Health Care Limited**  
247,2<sup>nd</sup> Floor, Dwarakapuri Colony,  
Punjagutta, Hyderabad- 5800082, Telangana, India.

Dear Sir/Ma’am,

1. We have examined the attached Restated Summary Statements along with significant accounting policies and related notes of Deccan Health Care Limited (the “Company”) as at and for the period /each of the years ended June 30, 2018, March 31, 2018, 2017 and 2016 annexed to this report and prepared by the Company for the purpose of inclusion in the Offer Document in connection with its proposed Initial Public Offer (“IPO”) on the SME Platform of BSE Limited.
2. These Restated Summary Statements have been prepared in accordance with the requirements of:
  - (i) Part I of Chapter III to the Companies Act, 2013(“the Act”) read with Companies (Prospectus and Allotment of Securities) Rules 2014;
  - (ii) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018 (“ICDR Regulations”) issued by the Securities and Exchange Board of India (“SEBI”) in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments / clarifications from time to time;
  - (iii) The terms of reference to our engagements with the Company requesting us to carry out the assignment, in connection with the Draft Red Herring Prospectus/ Red Herring Prospectus /Prospectus being issued by the Company for its proposed IPO of equity shares on SME Platform of BSE Limited.; and
  - (iv) The Guidance Note on Reports in Company Prospectus (Revised 2016) issued by the Institute of Chartered Accountants of India (“Guidance Note”).
3. The Restated Summary Statements of the Company have been extracted by the management from the Audited Financial Statements of the Company for the period/financial years ended on June 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016.
4. In accordance with the requirements of Part I of Chapter III of Act including rules made therein, ICDR Regulations, Guidance Note and Engagement Letter, we report that:
  - (i) The “Restated Summary Statement of Assets and Liabilities” as set out in **Annexure I** to this report, of the Company as at June 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016 are prepared by the Company and approved by the Board of Directors. These Restated Summary Statement of Assets and Liabilities, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in  
  
Significant Accounting Policies and Notes to Accounts as set out in **Annexure IV (A)** to this Report.
  - (ii) The “Restated Summary Statement of Profit and Loss” as set out in **Annexure II** to this report, of the Company for the period/years ended June 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016 are prepared by the Company and approved by the Board of Directors. These

Restated Summary Statement of Profit and Loss have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in **Annexure IV(A)** to this Report.

(iii) The “Restated Summary Statement of Cash Flow” as set out in **Annexure III** to this report, of the Company for the period/years ended June 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016 are prepared by the Company and approved by the Board of Directors. These Statement of Cash Flow, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Accounts as set out in **Annexure IV(A)** to this Report.

5. Based on the above and also as per the reliance placed by us on the audited financial statements of the Company and report thereon given by the Statutory Auditor of the Company for the financial years ended June 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016 we are of the opinion that:

- a) the Restated Summary Statements have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial period/years to reflect the same accounting treatment as per the changed accounting policy for all reporting periods, if any;
- b) the Restated Summary Statements have been made after incorporating adjustments for prior period and other material amounts in the respective financial years/period to which they relate and there are no qualifications which require adjustments;
- c) Extra-ordinary items that needs to be disclosed separately in the accounts has been disclosed wherever required;
- d) There were no qualifications in the Audit Reports issued by the Statutory Auditors for the financial period/year ended on June 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016 which would require adjustments in this Restated Financial Statements of the Company;
- e) profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regroupings as in our opinion are appropriate and are to be read in accordance with the Significant Accounting Polices and Notes to Accounts as set out in Annexure IV(A) to this report;
- f) adjustments in Restated Summary Statements have been made in accordance with the correct accounting policies, which includes the impact of provision of gratuity made on actuarial valuation basis in the Restated Summary Statements;
- g) there was no change in accounting policies, which needs to be adjusted in the Restated Summary Statements except mentioned in clause (f) above;
- h) there are no revaluation reserves, which need to be disclosed separately in the Restated Financial Statements;
- i) the Company has not paid any dividend on its equity shares till March 31, 2018

6. **Opinion:**

In our opinion and to the best of information and explanation provided to us , and also as per the reliance placed on reports submitted by previous auditors, the restated financial information of the Company , read with significant accounting policies and notes to accounts as appearing in Annexure IV(A) are prepared after providing appropriate adjustments and regroupings as considered appropriate and disclosed in Annexure IV(B).

7. **Emphasis of Matter**

- a) The Company has not paid Tax Deducted at Source (TDS) amounting to Rs. 25.13 lakhs relating to financial year 2017-18 till the date of this report.

- b) The Company has neither filled any return of Goods and Service Tax (“GST”) nor has paid any amount relating to the same due to following:

The locality, where the factory unit of the Company is situated, being a notified area, enjoys certain benefits under various taxation laws (present and erstwhile) e.g. Excise Duty, Income Tax, VAT, etc. After implementation of the Goods and Service Tax w.e.f. July 01, 2017 by the Government of India, the Company registered the manufacturing facility under the SEZ unit category as done by other units in that locality to continuously avail the benefits available under erstwhile Central Excise Act, 1944 and State VAT Act. However, no specific notification for the same has been issued by any authority under the new Goods and Service Tax Act, as was done under previous regime. The matter is pending with the office of GST Commissioner for rectification of online GST system which has not been resolved till the date of this report.

- c) As per Section 42 of companies Act, 2013, any money received by the company for the purpose of private placement needs to be kept in a separate bank account with a Scheduled Bank. However, during Financial Year 2017-18, the Company had failed to open a separate bank account for money received on account of private placement, which has resulted into non-compliance with Section 42 of the Companies Act, 2013;
- d) The Company was required to contribute towards corporate social responsibility during financial year 2016-17. However, neither a provision nor a contribution towards the fund have been made by the Company, resulting into non-compliance with Section 135 of the Companies Act, 2013;
- e) As per Section 185 of the companies Act, 2013, no Company shall provide any loans and/or advances to any of its directors or entities in which such director of the company is interested. However, the Company has provided loan to a director / company in which director of the company is interested. The aggregate balance of such outstanding loans on Jun 30, 2018 is Rs.27.82 Lakhs.
- f) As per Section 73 of the Companies Act, 2013, the Company shall allot securities within 60 days of receipt of share application money, provided if the Company is not able to allot share within such time limit, it shall repay the Amount within 15 days from the date of expiry of such 60 days, otherwise it shall be considered as deposit. During the financial year 2017-18, the Company had failed to allot shares within 60 days of receipt of share application money and such money was not refunded within 15 days thereafter, resulting into money being considered as Deposit under section 73 of the Companies Act, 2013. However, the Company has not complied with Section 73 of the Companies Act, 2013 and rules framed thereunder.

**Our report is not qualified in respect of these matters.**

8. Audit for the period April 01, 2018 to June 30, 2018 and for the financial year 2017-18 has been conducted by M/s. Keyur Shah & Co., Chartered Accountants while audit for the financial year 2016-17 was conducted by M/s Manisha Sharma and Company, Chartered Accountants. Accordingly reliance has been placed on the financial information examined by these auditors for the said years. The financial report included for these years is based solely on the report submitted by these auditors for the said years. Further financial statements for the period / financial year ended on June 30, 2018 and March 31, 2018 have been re audited by us as per the relevant guidelines.
9. We have also examined the following other financial information relating to the Company prepared by the Management and as approved by the Board of Directors of the Company and annexed to this report relating to the Company for the financial period/year ended on June 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016 proposed to be included in the Draft Red Herring Prospectus/ Red Herring Prospectus / Prospectus (“Offer Document”) for the proposed IPO.

**Annexure of Restated Financial Statements of the Company:-**

- a. Significant Accounting Policies and Notes to Accounts as restated in Annexure IV(A);
- b. Reconciliation of Restated Profit as appearing in Annexure IV (B) to this report.

- c. Reconciliation of Restated Equity/Net worth as appearing in Annexure IV (C) to this report.
  - d. Details of Share Capital as Restated as appearing in Annexure V to this report;
  - e. Details of Reserves and Surplus as Restated as appearing in Annexure VI to this report;
  - f. Details of Long Term Borrowings as Restated as appearing in Annexure VII to this report;
  - g. Nature of Security and Terms of Repayment for Long term Borrowings as appearing in Annexure VIII to this report
  - h. Details of Deferred Tax Liabilities (Net) as Restated as appearing in Annexure IX to this report;
  - i. Details of Other Non-Current Provisions as Restated as appearing in Annexure X to this report;
  - j. Details of Trade Payables as Restated as appearing in Annexure XI to this report;
  - k. Details of Other Current Liabilities as Restated as appearing in Annexure XII to this report;
  - l. Details of Short Term Provisions as Restated as appearing in Annexure XIII to this report;
  - m. Details of Fixed Assets as Restated as appearing in Annexure XIV to this report;
  - n. Details of Non-Current Investments as Restated as appearing in Annexure XV to this report;
  - o. Details of Non-Current Assets as Restated as appearing in Annexure XVI to this report;
  - p. Details of Inventories as Restated as appearing in Annexure XVII to this report;
  - q. Details of Trade Receivables as Restated enclosed as Annexure XVIII to this report;
  - r. Details of Cash and Cash Equivalents as Restated enclosed as Annexure XIX to this report;
  - s. Details of Short Term Loans and Advances as Restated as appearing in Annexure XX to this report;
  - t. Details of Revenue from operations as Restated as appearing in Annexure XXI to this report;
  - u. Details of Other Income as Restated as appearing in Annexure XXII to this report;
  - v. Details of Cost of material consumed as restated as appearing in Annexure XXIII to this report
  - w. Details of Employee Benefit Expense as restated as appearing in Annexure XXIV to this report
  - x. Details of Finance Cost as restated as appearing in Annexure XXV to this report
  - y. Details of Other Expense as restated as appearing in Annexure XXVI to this report
  - z. Details of Related Parties Transactions as Restated as appearing in Annexure XXVII to this report;
  - aa. Capitalization Statement as Restated as at June 30, 2018 as appearing in Annexure XXVIII to this report;
  - bb. Statement of Tax Shelters as Restated as appearing in Annexure XXVIX to this report
10. We, Keyur Shah & Co., Chartered Accountants have been subjected to the peer review process of the Institute of Chartered Accountants of India (“ICAI”) and hold a valid peer review certificate issued by the “Peer Review Board” of the ICAI.
  11. The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company and are in accordance with the provisions of the Act and ICDR Regulations. The Financial Statements and information referred to above is the responsibility of the management of the Company.
  12. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit reports issued by any other Firm of Chartered Accountants nor should this report be construed as a new opinion on any of the financial statements referred to therein.
  13. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
  14. In our opinion, the above financial information contained in Annexure I to XXX of this report read with the respective Significant Accounting Policies and Notes to Accounts as set out in

Annexure IV(A) are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with the Act, ICDR Regulations, Engagement Letter and Guidance Note.

15. Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the IPO. Our report should not be used, referred to or adjusted for any other purpose except with our consent in writing.

For **Keyur Shah & Co.**  
*Chartered Accountants*  
Firm's Registration No.: 141173W

Sd/-  
**Keyur Shah**  
*Proprietor*  
Membership No.: 153774  
October 30, 2018  
Ahmedabad

RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

ANNEXURE-I  
(Amount in Lakhs)

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>I. EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
(a) Share capital	1,350.14	1,350.14	1,293.25	1,043.25
(b) Reserves and surplus	2,543.75	2,297.94	921.05	(202.86)
<b>Sub-Total</b>	<b>3,893.89</b>	<b>3,648.08</b>	<b>2,214.30</b>	<b>840.39</b>
<b>2. Money received against Share Warrants</b>	-	-	-	-
<b>Sub-Total</b>	-	-	-	-
<b>3. Non-current liabilities</b>				
(a) Long-term borrowings	798.87	841.85	1,076.49	1,394.35
(b) Deferred tax liabilities (Net)	170.91	168.91	170.24	172.13
(c) Other Non-Current provisions	22.19	22.13	12.38	16.55
<b>Sub-Total</b>	<b>991.97</b>	<b>1,032.89</b>	<b>1,259.11</b>	<b>1,583.03</b>
<b>4. Current liabilities</b>				
(a) Short-term borrowings	-	-	-	-
(b) Trade payables	493.88	494.82	918.20	294.53
(c) Other current liabilities	476.16	558.39	371.79	167.19
(d) Short-term provisions	697.50	558.81	196.49	49.31
<b>Sub-Total</b>	<b>1,667.54</b>	<b>1,612.02</b>	<b>1,486.48</b>	<b>511.03</b>
<b>TOTAL</b>	<b>6,553.40</b>	<b>6,292.99</b>	<b>4,959.89</b>	<b>2,934.45</b>
<b>II. ASSETS</b>				
<b>1. Non-current assets</b>				
<b>(a) Fixed assets</b>				
(i) Tangible Assets	1,741.28	1,770.61	1,732.15	1,711.63
(ii)Capital Work in Progress	351.29	351.29	-	-
(iii)Intangible assets	-	-	-	-
(iv)intangible asset under development	-	-	-	-
(c) Non-Current Investments	1.93	1.93	1.93	-
(d) Long Terms Loans and Advances	-	-	-	-
(e) Other Non-Current Assets	583.86	521.15	154.89	-
<b>Sub-Total</b>	<b>2,678.36</b>	<b>2,644.98</b>	<b>1,888.97</b>	<b>1,711.63</b>
<b>2. Current assets</b>				
(a) Current investments	-	-	-	-
(b) Inventories	1,936.92	1,961.16	1,026.70	359.31
(c) Trade receivables	1,687.62	1,465.44	1,848.02	805.38
(d) Cash and cash equivalents	60.82	29.51	6.98	14.64
(e)Short-term loans and advances	189.68	191.90	189.22	43.50
<b>Sub-Total</b>	<b>3,875.02</b>	<b>3,648.01</b>	<b>3,070.92</b>	<b>1,222.82</b>
<b>Total</b>	<b>6,553.38</b>	<b>6,292.99</b>	<b>4,959.89</b>	<b>2,934.45</b>

RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

ANNEXURE-II  
(Amount in Lakhs)

Particulars	For the Period ending on June 30, 2018	For the year ending on March 31, 2018	For the year ending on March 31, 2017	For the year ending on March 31, 2016
I. Revenue from operations	854.89	3,947.88	2,934.13	1,615.92
II. Other income	4.46	28.19	4.81	1.78
<b>III. Total Revenue (I + II)</b>	<b>859.35</b>	<b>3,976.07</b>	<b>2,938.94</b>	<b>1,617.70</b>
Cost of materials consumed	251.71	1,571.63	941.09	522.11
Changes in inventories of finished goods work-in-progress and Stock-in-Trade	(11.39)	(372.73)	(74.30)	(35.97)
Employee benefits expense	115.35	422.89	333.76	171.34
Finance costs	32.87	147.87	214.35	147.81
Depreciation and amortization expense	30.30	128.05	119.06	115.12
Other expenses	192.70	810.91	452.96	323.55
<b>Total expenses</b>	<b>611.54</b>	<b>2,708.62</b>	<b>1,986.92</b>	<b>1,243.96</b>
<b>IV. Profit before exceptional and extraordinary items and tax (III-IV)</b>	<b>247.81</b>	<b>1,267.45</b>	<b>952.02</b>	<b>373.74</b>
V. Exceptional items	-	-	-	-
<b>VI. Profit before extraordinary items and tax (V - VI)</b>	<b>247.81</b>	<b>1,267.45</b>	<b>952.02</b>	<b>373.74</b>
VII. Extraordinary Items-	-	-	-	18.85
<b>VIII. Profit before tax</b>	<b>247.81</b>	<b>1,267.45</b>	<b>952.02</b>	<b>354.90</b>
IX. Tax expense:	-	-	-	-
(1) Current tax	51.02	270.49	154.90	-
(2) MAT Credit Entitlement	(51.02)	(270.49)	(154.90)	-
(3) Deferred Tax Liability/(Asset)	2.00	(1.33)	(1.89)	0.69
4) Current tax expense relating to prior years	-	-	-	-
<b>X. Profit (Loss) for the period from continuing operations (VII-VIII)</b>	<b>245.81</b>	<b>1,268.78</b>	<b>953.91</b>	<b>354.21</b>
XI. Profit/(loss) from discontinuing operations	-	-	-	-
XII. Tax expense of discontinuing operations	-	-	-	-
<b>XIII. Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>XIV. Profit (Loss) for the period (XI + XIV)</b>	<b>245.81</b>	<b>1,268.78</b>	<b>953.91</b>	<b>354.21</b>
XV Earnings per equity share:				
(1) Basic and Diluted EPS	1.82	9.75	9.06	5.48

RESTATED SUMMARY STATEMENT OF CASH FLOW

ANNEXURE-III  
(Amount in Lakhs)

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Cash Flow from Operating Activities</b>				
Restated Net profit Before Tax	247.81	1,267.45	952.02	354.90
Adjustments For:				
Depreciation	30.30	128.05	119.06	115.12
Provision of Gratuity	0.49	16.40	5.93	0.71
(Interest Received)	(0.38)	(0.98)	(1.16)	(0.13)
Interest and Finance Charges	32.87	147.87	214.35	147.81
<b>Operating Profit before working capital changes</b>	<b>311.09</b>	<b>1,558.78</b>	<b>1,290.20</b>	<b>618.40</b>
Adjustment For:				
Decrease/(Increase) in Inventories	24.24	(934.46)	(667.39)	(96.03)
Decrease/(Increase) in Trade receivables	(222.18)	382.59	(1,042.65)	(500.53)
Decrease/(Increase) in Other Non-Current Assets	(62.72)	(366.25)	(154.90)	34.30
Decrease/(Increase) in Short-term loans and advances	2.24	(2.68)	(145.72)	(12.16)
(Decrease)/Increase in Trade Payables	(0.95)	(423.38)	623.67	211.46
(Decrease)/Increase in Other Current Liabilities	(89.85)	(40.58)	187.36	23.54
(Decrease)/Increase in Short Term Provisions	138.26	355.68	138.29	25.52
Cash Generated from Operations	100.14	529.69	228.86	304.49
Amortisable Expenses	-	-	-	-
Taxes Paid	-	-	1.22	-
<b>Net Cash From /(Used In ) Operating Activities (A)</b>	<b>100.14</b>	<b>529.69</b>	<b>227.64</b>	<b>304.49</b>
<b>Cash Flow From Investing Activities</b>				
(Purchase) / Sale of Fixed Assets/ Capital Work In Progress	(0.96)	(517.80)	(139.57)	(0.32)
Decrease/(Increase) in Non-Current investments	-	-	(1.93)	-
Interest Received	0.38	0.98	1.16	0.13
<b>Net Cash From /(Used In ) Investing Activities (B)</b>	<b>(0.59)</b>	<b>(516.82)</b>	<b>(140.35)</b>	<b>(0.19)</b>
<b>Cash Flow From Financing Activities</b>				
Proceeds from Issue of Shares	-	56.90	250.00	-
Security Premium	-	108.10	170.00	-
Interest and Finance Charges	(32.87)	(147.87)	(214.35)	(147.81)
Proceeds / (Repayments) of Share Application Money	-	-	-	-
(Decrease)/Increase in Long Term Borrowing	(35.37)	(7.46)	(300.60)	(143.47)
<b>Net Cash From Financing Activities (c)</b>	<b>(68.24)</b>	<b>9.67</b>	<b>(94.96)</b>	<b>(291.28)</b>
Net Increase / (Decrease) in Cash (A)+(B)+(C)	31.31	22.54	(7.66)	13.02
Cash and Cash equivalents at the beginning of the year	29.51	6.98	14.64	1.61
<b>Cash and Cash equivalents at the end of the year</b>	<b>60.82</b>	<b>29.51</b>	<b>6.98</b>	<b>14.64</b>



- III. The Cash Flow statement has been prepared under Indirect method as per Accounting Standard-3 "Cash Flow Statements"
- IV. Figures in Brackets represent outflows
- V. The above statement should be read with the Restated Statement of Assets and Liabilities, Statement of Profit and loss, Significant Accounting Policies and Notes to Accounts as appearing in Annexure I, II and IV (A) respectively.

## **VI. ANNEXURE-IV(A)**

### **Significant Accounting Policies and Notes to Accounts**

#### **(A) Corporate Information:**

The Company was originally incorporated on June 14, 1996 vide Certificate of Incorporation bearing Registration Number 024351 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad. The Company is engaged in developing, manufacturing and marketing of a broad range of nutraceutical products. The Company mainly develops and markets segregated nutraceutical products, which it commercialised through the network of distribution channels for its domestic and export sales. Since inception the Company has shown increasing trend in the revenues in the Domestic and International markets by endeavouring to reach consumers at large by providing quality products.

The Company in year 2010 had set up its manufacturing unit located at Special Economic Zone, Rudrapur, and Uttarakhand. The Company has been certified as ISO-9001:2008 and has modern plant, equipment's, with necessary resources. The Company's R&D capabilities enables it to support its growth strategy by developing new products and process which enhance its products and services range.

#### **(B) Basis of Preparation:**

The Restated Summary Statements of Assets and Liabilities of the Company as at June 30, 2018, March 31, 2018, March 31, 2017, March 31, 2016 and the related Restated Summary Statements of Profits and Losses and Cash Flows Statement for the period / years ended June 30, 2018, March 31, 2018, March 31, 2017, March 31, 2016 have been compiled by management from the financial statements of the company for the period ended on June 30, 2018, March 31, 2018, March 31, 2017, March 31, 2016.

"The financial statements are prepared and presented under the historical cost convention and evaluated on a going-concern basis using the accrual system of accounting in accordance with the accounting principles generally accepted in India (Indian GAAP) and the requirements of the notified sections, schedules and rules of the Companies Act 2013 including the Accounting Standards as prescribed by the Companies (Accounting Standards) Rules, 2006 as per section 211(3C) of the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014).

The presentation of financial statements requires estimates and assumption to be made that affect the reported amount of assets and Liabilities on the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual result and estimates are recognized in the period in which results are known/materialized."

#### **(C) Significant Accounting Policies:**

##### **(a) Use of Estimates:**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the Carrying amounts of Assets or Liabilities in future periods.

##### **(b) Property, Plant and equipment:**

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost of an asset comprises of its purchase price and any directly attributable cost of bringing the assets to working condition for its intended use. Expenditure on additions, improvements and renewals is capitalized and expenditure for maintenance and repairs is charged to profit and loss account.

##### **(c) Revenue Recognition:**

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from sale of goods is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for price, significant risk and rewards of ownership are transferred to the customers and no effective ownership is retained.

Sales comprises sale of goods and services, net of trade discounts and include exchange differences arising on sales transactions.

**(D) Foreign Currency Transactions:**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated into Rupees at the exchange rate prevailing at the Balance Sheet Date. All exchange differences are dealt with in Profit and Loss Account.

**(E) Investments:**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of Investments.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

**(F) Employee Benefits:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contribution to the provident fund is charged to the statement of profit and loss for the year when an employee renders the related services. The company has no obligations, other than the contribution payable to the provident fund.

Provision for Gratuity is provided on the basis of Actuarial Valuation Report of the Actuary.

**(G) Taxation:**

Tax expenses comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the Tax Authorities in accordance with the Income Tax Act'1961 enacted or substantively enacted at the reporting date.

Deferred Tax Assets or Deferred Tax Liability is recognized on timing difference being the difference between taxable incomes and accounting income. Deferred Tax Assets or Deferred Tax Liability is measured using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred Tax Assets arising from timing differences are recognized to the extent there is a reasonable certainty that the assets can be realized in future.

**(H) Borrowing Cost:**

Borrowing Cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**(I) Segment Reporting:**

The Company is engaged in manufacturing of nutraceutical products. Considering the nature of Business and Financial Reporting of the Company, the Company is operating in only one Segment. Hence segment reporting is not applicable.

**(J) Provisions and Contingent Liabilities:**

A provision is recognized when the company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

S. No.	Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
A	Claim against company not acknowledge as debts				
i	in respect of Income Tax	5.26	5.26	5.26	5.26
ii	in respect of Commercial Tax	136.24	136.24	136.24	84.49
	<b>Total</b>	<b>141.50</b>	<b>141.50</b>	<b>141.50</b>	<b>89.75</b>

**(K) Earnings per share:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

**(L) Amortization of Expenses:**

The Company has incurred the expenses for Research and Development, and for the purpose of the Product Development, the benefit of which is enduring in nature and hence, the company has adopted the policy for writing off the same over a period of Five years.

**RECONCILIATION OF RESTATED PROFIT**

**ANNEXURE IV (B)**  
**(Amount in Lakhs)**

Adjustments for	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Net profit/(loss) after tax as per audited statement of profit and loss	257.66	1,335.98	951.89	506.34
<b>Adjustments for:</b>				
Prior Period Adjustments (Refer Note 1 )	-	3.02	0.82	(106.89)
Deferred Tax Liability / Assets Adjustments (Refer Note 2)	(4.35)	(0.15)	1.83	0.22
(Increase)/ Decrease in Expenses	(7.50)	(92.76)	5.30	(44.76)
Gratuity Provision(Refer Note 3)	-	22.69	(5.93)	(0.71)
<b>Net profit/ (loss) after tax as restated</b>	<b>245.81</b>	<b>1,268.78</b>	<b>953.91</b>	<b>354.21</b>

**Explanatory Notes to the above restatements made in Audited Financial Statements of the Company for the respective years / period.**

**Adjustments having impact on Profit:**

**Note: 1**

Amounts relating to the prior period have been adjusted in the year to which the same relates to.

**Note: 2**

There is change in Deferred Tax Assets / Liabilities as per Audited Books of Accounts and as per Restated Books and the same has been given effect in the year to which the same relates

**Note: 3**

The company has not provided for Gratuity as per AS-15 in Books of Accounts. However, in restated financial statements, the same has been provided for.

**To give Explanatory Notes regarding Adjustments**

Appropriate adjustments have been made in the restated financial statements, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Company for all the years and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018.

**RECONCILIATION OF RESTATED EQUITY / NETWORTH**
**ANNEXURE IV (C)**  
**(Amount in Lakhs)**

Adjustments for	As at June 30,2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Equity / Net worth As per audited Financials	4,875.62	4,617.96	3,116.99	1,745.10
<b>Adjustments for:</b>				
Prior Period Adjustment (Refer Note 1)	(773.99)	(773.99)	(773.99)	(773.99)
Differences pertaining to changes in Profit / Loss due to Restated Effect for the period covered in Restated Financial	(207.74)	(195.89)	(128.70)	(130.72)
<b>Equity / Net worth as restated</b>	<b>3,893.89</b>	<b>3,648.08</b>	<b>2,214.30</b>	<b>840.39</b>

**Explanatory Notes to the above restatements made in Audited Financial Statements of the Company for the respective years / period.**

**Adjustments having impact on Profit:**
**Note: 1**

Amounts relating to the prior period have been adjusted in the year to which the same relates to and the same amount is arrived on account of change in Opening Balance of Reserve & Surplus due to the restated effect on the Profit / (Loss) of prior period.

**To give Explanatory Notes regarding Adjustments**

Appropriate adjustments have been made in the restated financial statements, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Company for all the years and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2018.

**DETAILS OF SHARE CAPITAL AS RESTATED**
**ANNEXURE-V**  
**(Amount in Lakhs)**
**1. Statement of Share Capital**

Adjustments for	As at June 30, 2018	At march 31,2018	As at March 31, 2017	As at March 31, 2016
<b>Authorised</b>				
64.00 Lakh Equity Shares Of Rs.10/- Each	-	-	-	-
115.50 Lakh Equity Shares Of Rs.10/- Each	-	-	-	1155.00
180.00 Lakh Equity Shares Of Rs.10/- Each	1800.00	1800.00	-	-
135.00 Lakh Equity Shares Of Rs.10/- Each	-	-	1350.00	-
51.50Lakh preference shares of rs.10/- each	-	-	-	-
<b>Issued , Subscribed and Fully paid up Capital</b>				
53.30 Lakh Equity share of rs.10 each	-	-	-	-
104.32 Lakh Equity shares of Rs 10 Each	-	-	-	1043.25
129.32LakhEquity shares of Rs 10 each	-	-	1293.25	-
135.01 Lakh Equity shares of Rs 10 Each	1350.14	1350.14	-	-
51.02 Lakh preference share capital of Rs 10 each	-	-	-	-
<b>Total</b>	<b>1350.14</b>	<b>1350.14</b>	<b>1293.25</b>	<b>1043.25</b>

**Terms/rights attached to equity shares:**

- During the Financial Year 2016-17 the Company increased its authorized share capital from 1,15,50,000 to 1,35,00,000 equity Shares of Rs. 10 each by passing special resolution at extraordinary general meeting held on March 01, 2017.
- During the Financial Year 2016-17 the Company has issued and allotted 25,00,000 Equity Shares of Rs. 10 each by passing special resolution at extra ordinary general meeting held on 17th March 2017 on preferential basis by conversion of unsecured loan.
- During the Financial Year 2017-18 the Company increased its authorized share capital from 1,35,00,000 to 1,80,00,000 equity Shares of Rs. 10 each by passing special resolution at extraordinary general meeting held on August 04, 2017.
- During FY 2017-18, the company has issued and Allotted 5,68,966 shares of Rs.10 each(Face Value), by passing a resolution in Board meeting held as on February05, 2018 at registered office of the Company

**Terms/rights attached to equity shares:**

- The company was having only one class of Equity Shares with par value of Rs. 10.00 per share. Each holder of Equity shares was entitled to one Vote per share.
- In the Liquidation of the company, the holders of Equity Shares shall be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The amount distributed will be in proportion to the number of equity shares held by the shareholders.

**2. Reconciliation of Shares outstanding at the beginning and at the end of the Period**

Nos. in lakhs	As at June 30,2018	At march 31,2018	As at March 31, 2017	As at March 31, 2016
At the beginning of the period	135.01	129.32	104.32	53.30
Issued during the year	-	5.69	25.00	51.02
Redeemed or bought back during the period	-	-	-	-
Outstanding at the end of the Period	135.01	135.01	129.32	104.32

**3. For the period of three years immediately preceding the date as at which the Balance Sheet is prepared:**

particulars	At June 30, 2018	At march 31, 2018	As at March 31, 2017	As at March 31, 2016
Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash.	-	-	-	-
Aggregate number and class of shares allotted as fully paid up by way of bonus shares.	-	-	-	-
Aggregate number and class of shares bought back.	-	-	-	-

**4. Details of Shareholders holding more than 5% shares in the company (In terms of No. of Shares Holding):**

particulars	At June 30, 2018	At March 31, 2018	As at March 31, 2017	As at March 31, 2016
Name of Shareholders	No. of Shares	No. of Shares	No. of Shares	No. of Shares
1. Chiranjeevi P	-	-	19.15	19.15
2. Minto Purshotam Gupta	21.08	21.08	21.08	17.50
3. Meenakshi Gupta	23.07	23.07	23.07	1.64
4. Hitesh M Patel	53.25	53.25	61.22	62.22
5. Kent RO Systems Ltd	7.00	7.00	-	-

<b>Total</b>	<b>104.40</b>	<b>104.40</b>	<b>124.52</b>	<b>100.51</b>
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#### 5. Details of Shareholders holding more than 5% shares in the company (In terms of % Holding)

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Name of Shareholders	% holding	% holding	% holding	% holding
1. Chiranjeevi P	0.00%	0.00%	14.81%	18.36%
2. Minto Purshotam Gupta	15.61%	15.61%	16.30%	16.78%
3. Meenakshi Gupta	17.09%	17.09%	17.84%	1.58%
4. Hitesh M Patel	39.44%	39.44%	47.34%	59.65%
5. Kent RO Systems Ltd	5.18%	5.18%	0.00%	0.00%
<b>Total</b>	<b>77.32%</b>	<b>77.32%</b>	<b>96.29%</b>	<b>96.37%</b>

#### DETAILS OF RESERVES AND SURPLUS AS RESTATED

#### ANNEXURE-VI (Amount in Lakhs)

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>A. Security premium account</b>				
<b>Opening Balance</b>	<b>3,967.86</b>	<b>3859.75</b>	<b>3689.75</b>	<b>3689.75</b>
Add: Securities premium accounts credited on account of share issue	-	108.10	170.00	-
Less : Deletion for issue of Bonus Shares	-	-	-	-
<b>Closing Balance</b>	<b>3,967.86</b>	<b>3,967.86</b>	<b>3,859.75</b>	<b>3,689.75</b>
<b>B. Profit loss account</b>				
<b>Opening Balance</b>	<b>(1,669.92)</b>	<b>(2,938.70)</b>	<b>(3,892.61)</b>	<b>(4,246.82)</b>
Add: Net Profit/(Loss) for the year	245.81	1,268.78	953.91	354.21
<b>Closing Balance</b>	<b>(1,424.11)</b>	<b>(1,669.92)</b>	<b>(2,938.70)</b>	<b>(3,892.61)</b>
<b>Total A+B</b>	<b>2,543.75</b>	<b>2,297.94</b>	<b>921.05</b>	<b>(202.86)</b>

#### Notes:

- The figures disclosed above are based on the restated summary statement of assets and liabilities of the Company
- The above statement should be read with the notes to restated summary statements of assets and liabilities, profits and losses and cash flows appearing in Annexure I, II and III.

#### DETAILS OF LONG TERM BORROWINGS AS RESTATED

#### ANNEXUREVII (Amount in Lakhs)

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>A1. From Banks (Secured)</b>				
Oriental Bank Of Commerce	651.62	702.16	992.00	992.00
HDFC Car Loan	-	-	-	-
Car Loan - Axis Bank-I	41.69	45.00	51.75	-
Car Loan-HDFC Bank-3	35.11	35.14	-	-
Car Loan-Kotak Mahindra Bank	30.96	35.62	-	-
<b>Total(A1)</b>	<b>759.38</b>	<b>817.91</b>	<b>1043.75</b>	<b>992.00</b>
<b>B. From Other Parties(Unsecured)</b>				
<b>Loan From Directors</b>				
Speciality Research and Life Sciences	5.55	-	4.83	348.11

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Minto Gupta	11.19	11.19	27.92	54.24
Mr. Yezdi Batliwala	10.00	-	-	-
<b>From Others</b>				
Gulati Pharmaceuticals-Delhi	-	-	-	-
City Medical and General Store-Mumbai	-	-	-	-
<b>Inter Corporate Deposits</b>				
Value worth Capital management Pvt Ltd.	12.75	12.75	-	-
<b>Total(B)</b>	<b>39.49</b>	<b>23.94</b>	<b>32.74</b>	<b>402.35</b>
<b>Total A+B</b>	<b>798.87</b>	<b>841.85</b>	<b>1076.49</b>	<b>1394.35</b>

**NATURE OF SECURITY AND TERMS OF REPAYMENT FOR LONG TERM BORROWINGS INCLUDING CURRENT MATURITIES**

**ANNEXURE VIII**

Sr. No.	Lender	Nature of facility		Amount outstanding as at June 30, 2018	Rate of interest (%)	Repayment terms	Security/Principal terms and conditions
1	Oriental Bank of Commerce	Term Loan	Rs. 992.00 Lakhs	Rs.852.76/- Lakhs	13.00 %	Repayable in 72 Monthly Instalment OF Rs.24,79,725 /- Each	"(i)Equitable mortgage of factory land and Building having Realizable value of Rs.421.20 Lakhs as per Valuation report dates 02.02.2010 and Proposed Construction of Rs. 104.11 Lakhs(ii)Hypothecation of domestic and imported machinery proposed to purchase as per performa invoice submitted by the company
2	Axis Bank	Car Loan of Rs.69.00/- Lakhs	Rs 69.00 Lakhs	Rs.55.92/- Lakhs	9.15%	Repayable In 60 Monthly Instalments OF Rs. 1,43,735 /- Each	Hypothecation of BMW Car Purchased Through Loan
3	HDFC Bank	Car Loan of Rs.52.13/- Lakhs	Rs.52.13 Lakhs	Rs.43.29/- Lakhs	10.00 %	Repayable in 60monthly Instalments of Rs.1,10,787/- each	Hypothecation of Benz Car Purchased Through Loan
4	Kotak Mahindra Bank	Car Loan of Rs.85.00/- Lakhs	Rs.85.00 Lakhs	Rs.59.46/- Lakhs	8.25%	Repayable in 36 monthly Instalments of Rs.2,67,708/- Each	Hypothecation of Porsche Car Purchased Through Loan

(Amount in Lakhs)



<b>Specialty Research and Life Sciences</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>June 30, 2018</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Rate of Interest</b>	<b>Nil</b>	<b>Nil</b>	<b>15.00%</b>
Opening Balance Cr/(Dr.)	-	4.83	348.11
Amount Received / Credited	8.80	17.45	386.27
Interest on Loan	-	-	24.27
Amount Repaid / Adjusted	3.25	22.28	753.82
Outstanding Amount	5.55	-	4.83
Terms of Repayment: Repayable On Demand			

(Amount in Lakhs)

<b>Minto P Gupta</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>June 30, 2018</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Rate of Interest</b>	<b>Nil</b>	<b>Nil</b>	<b>15.00%</b>
Opening Balance Cr/(Dr.)	11.19	27.92	54.24
Amount Received / Credited	-	27.53	50.03
Interest on Loan	-	-	12.68
Amount Repaid / Adjusted	-	44.27	89.03
Outstanding Amount	11.19	11.19	27.92
Terms of Repayment: Repayable On Demand			

(Amount in Lakhs)

<b>Yezdi Batliwala</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>June 30, 2018</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Rate of Interest</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Opening Balance Cr/(Dr.)	-	-	-
Amount Received / Credited	10.00	-	-
Interest on Loan	-	-	-
Amount Repaid / Adjusted	-	-	-
Outstanding Amount	10.00	-	-
Terms of Repayment: Repayable On Demand			

(Amount in Lakhs)

<b>Value Worth Ltd.</b>			
<b>Particulars</b>	<b>As at</b>		
	<b>June 30, 2018</b>	<b>March 31, 2018</b>	<b>March 31, 2017</b>
<b>Rate of Interest</b>	<b>Nil</b>	<b>Nil</b>	<b>15.00%</b>
Opening Balance Cr/(Dr.)	12.75	-	-
Amount Received / Credited	-	20.00	-
Interest on Loan	-	-	-
Amount Repaid / Adjusted	-	7.25	-
Outstanding Amount	12.75	12.75	-
Terms of Repayment: Repayable On Demand			

#### DETAILS OF DEFERRED TAX LIABILITIES (NET) AS RESTATED

ANNEXURE IX  
(Amount in Lakhs)

<b>Particulars</b>	<b>As at June 30, 2018</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Depreciation as per Companies Act	30.30	128.05	119.06	115.12

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Depreciation as per Income Tax Act	38.48	139.28	118.85	118.05
Difference in Depreciation	8.19	11.23	(0.20)	2.94
Gratuity Provision	(0.49)	(16.40)	(5.93)	(0.71)
Other Disallowance including U/s. 43B	-	-	-	-
Total Timing Difference	7.70	(5.17)	(6.13)	2.23
Tax Rate as per Income Tax	26.00	25.75	30.90	30.90
(DTA) / DTL	2.00	(1.33)	(1.89)	0.69
<b>Net deferred tax liability</b>	<b>2.00</b>	<b>(1.33)</b>	<b>(1.89)</b>	<b>0.69</b>

#### DEFERRED TAX ASSETS and LIABILITIES SUMMARY

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Opening Balance of (DTA) / DTL	168.91	170.24	172.13	171.44
Add: Provision for the Year	2.00	(1.33)	(1.89)	0.69
<b>Closing Balance of (DTA) / DTL</b>	<b>170.91</b>	<b>168.91</b>	<b>170.24</b>	<b>172.13</b>

#### OTHER NON-CURRENT PROVISION AS RESTATED

ANNEXURE X  
(Amount in Lakhs)

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Provision for Gratuity	22.19	22.13	12.38	16.55
<b>Total</b>	<b>22.19</b>	<b>22.13</b>	<b>12.38</b>	<b>16.55</b>

#### DETAILS OF TRADE PAYABLES AS RESTATED

ANNEXURE XI  
(Amount in Lakhs)

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>From Micro, Small and Medium Enterprises</b>				
<b>From Other Than Micro, Small and Medium Enterprises</b>				
Sundry Creditors for Goods	493.32	490.69	916.11	294.53
Sundry Creditors for Capital Goods/ Fixed Assets	0.56	4.13	2.10	-
<b>Total</b>	<b>493.88</b>	<b>494.82</b>	<b>918.20</b>	<b>294.53</b>

#### Notes

- Outstanding against Purchase / Acquisition of Capital Goods / Assets have been shown under "Sundry Creditors for Capital Goods / Fixed Assets"
- Trade Payables as on June 30, 2018 has been taken as certified by the management of the company
- The company has not maintained separate data for Transactions with MSMEs. Hence, in Absence of the data we are unable to Provide Bifurcation for the same.

**DETAILS OF OTHER CURRENT LIABILITIES AS RESTATED**

**ANNEXURE XII  
(Amount in Lakhs)**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Advance received from customers	74.60	140.71	189.36	-
TDs Payable	35.52	30.43	0.54	0.49
Audit Fees Payable	1.79	1.50	0.95	2.05
Creditors For Expenses	110.45	138.62	145.93	57.86
Interest Payable on Term Loan	-	-	17.77	106.79
Other Payables	1.75	2.71	-	-
	<b>224.11</b>	<b>313.96</b>	<b>354.54</b>	<b>167.19</b>
<b>Current Maturities of Term Liabilities</b>				
Axis Car Loan	14.23	12.50	17.25	-
Car Loan-HDFC Bank-3	8.18	9.27	-	-
Car Loan-Kotak Mahindra Bank	28.50	27.92	-	-
HDFC Car Loan-2	-	-	-	-
HDFC Car Loan-1	-	-	-	-
Oriental Bank Of Commerce- Term Loan	201.13	194.74	-	-
Oriental Bank Of Commerce-Car Loan-Skoda	-	-	-	-
<b>Total</b>	<b>476.16</b>	<b>558.39</b>	<b>371.79</b>	<b>167.19</b>

**Notes:**

Advances Received from Customers have been taken as certified by the management of the company and no security has been offered by the company against the same.

**DETAILS OF SHORT TERM PROVISIONS AS RESTATED**

**ANNEXURE XIII  
(Amount in Lakhs)**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Provision for Direct Taxation	494.18	442.20	172.25	18.60
Provision for Indirect Taxation	178.25	95.84	5.93	8.69
Provisions for others	25.06	20.77	18.30	22.02
<b>Total</b>	<b>697.50</b>	<b>558.81</b>	<b>196.49</b>	<b>49.31</b>

**Notes:**

Provision for Direct Tax have been adjusted against the Advance Tax and TDS Receivables, if any.

**DETAILS OF FIXED ASSET AS RESTATED**

**ANNEXURE XIV  
(Amount in Lakhs)**

Particulars	Building	Land	Capital WIP	Plant and Machinery	Furniture and Fixtures	Motor Vehicles	Computer	Total
Gross Block:								
<b>As at March 31, 2016</b>	889.20	28.41	-	1,170.94	143.98	106.77	81.25	2,420.56
As at April 1, 2016	889.20	28.41	-	1,170.94	143.98	106.77	81.25	2,420.56

Particulars	Buildi ng	Land	Capit al WIP	Plant and Machine ry	Furnitur e and Fixtures	Motor Vehic les	Compu ter	Total
Additions / (Deletion)	0.57	-	-	61.55	1.03	70.68	5.74	139.57
<b>As at March 31, 2017</b>	889.78	28.41	-	1,232.48	145.01	177.45	87.00	2,560.13
As at April 1, 2017	889.78	28.41	-	1,232.48	145.01	177.45	87.00	2,560.13
Additions / (Deletion)	-	-	351.29	3.40	8.45	148.68	5.99	517.80
<b>As at March 31, 2018</b>	889.78	28.41	351.29	1,235.88	153.46	326.13	92.99	3,077.93
As at April 1, 2018	889.78	28.41	351.29	1,235.88	153.46	326.13	92.99	3,077.93
Additions / (Deletion)	-	-	-	-	0.53	-	0.44	0.96
<b>As at June 30, 2018</b>	889.78	28.41	351.29	1,235.88	153.99	326.13	93.42	3,078.90
<b>Accumulate d Depreciatio n :</b>								
<b>As at March 31, 2016</b>	167.15	-	-	356.94	57.26	55.57	72.00	708.93
As at April 1, 2016	167.15	-	-	356.94	57.26	55.57	72.00	708.93
Charge for the period	29.72	-	-	59.48	8.21	7.55	14.10	119.06
Additions / (Deletion)	-	-	-	-	-	-	-	-
<b>As at March 31, 2017</b>	196.87	-	-	416.42	65.47	63.12	86.10	827.98
As at April 1, 2017	196.87	-	-	416.42	65.47	63.12	86.10	827.98
Charge for the period	29.72	-	-	59.27	9.68	23.06	6.32	128.05
Additions / (Deletion)	-	-	-	-	-	-	-	-
<b>As at March 31, 2018</b>	226.59	-	-	475.69	75.15	86.18	92.42	956.03
As at April 1, 2018	226.59	-	-	475.69	75.15	86.18	92.42	956.03
Charge for the Year	7.43	-	-	14.68	2.43	5.74	0.02	30.30
<b>As at June 30, 2018</b>	234.02	-	-	490.36	77.58	91.92	92.44	986.33
Net Block :								
<b>As at March 31, 2016</b>	722.05	28.41	-	813.99	86.72	51.20	9.26	1,711.63
<b>As at March 31, 2017</b>	692.91	28.41	-	816.06	79.54	114.33	0.90	1,732.15
<b>As at March 31, 2018</b>	663.19	28.41	351.29	760.19	78.31	239.96	0.56	2,121.90

Particulars	Building	Land	Capital WIP	Plant and Machinery	Furniture and Fixtures	Motor Vehicles	Computer	Total
As at June 30, 2018	655.76	28.41	351.29	745.52	76.41	234.21	0.98	2,092.57

**DETAILS OF NON-CURRENT INVESTMENTS AS RESTATED**

**ANNEXURE XV  
(Amount in Lakhs)**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
(A) Other non-current investments	-	-	-	-
- Bank FDs	1.93	1.93	1.93	-
<b>Aggregate Amount of Unquoted Investments</b>	<b>1.93</b>	<b>1.93</b>	<b>1.93</b>	<b>-</b>
<b>Total</b>	<b>1.93</b>	<b>1.93</b>	<b>1.93</b>	<b>-</b>

**DETAILS OF NON-CURRENT ASSETS AS RESTATED**

**ANNEXURE XVI  
(Amount in Lakhs)**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Other Non-Current Assets	107.45	95.76	-	-
MAT Credit Entitlement	476.41	425.39	154.89	-
<b>Total</b>	<b>583.86</b>	<b>521.15</b>	<b>154.89</b>	<b>-</b>

**DETAILS OF INVENTORIES AS RESTATED**

**ANNEXURE XVII  
(Amount in Lakhs)**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
a. Raw Materials and components (Valued at Cost or NRV unless otherwise stated)	1,316.92	1,352.55	790.82	197.73
	<b>1,316.92</b>	<b>1,352.55</b>	<b>790.82</b>	<b>197.73</b>
b. Work-in-progress (Valued at Cost or NRV unless otherwise stated)	250.43	234.42	158.15	42.53
	<b>250.43</b>	<b>234.42</b>	<b>158.15</b>	<b>42.53</b>
c. Finished goods (Valued at Cost or NRV unless otherwise stated)	369.58	374.19	77.74	119.06
	<b>369.58</b>	<b>374.19</b>	<b>77.74</b>	<b>119.06</b>
<b>Total</b>	<b>1,936.92</b>	<b>1,961.16</b>	<b>1,026.70</b>	<b>359.31</b>

**Notes:** Value of Inventories as on June 30, 2018 has been taken as certified by the management of the company.

**DETAILS OF TRADE RECEIVABLES AS RESTATED**

**ANNEXURE XVIII  
(Amount in Lakhs)**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Unsecured and Considered Good				

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>a. From Director / Promoters / Promoter Group / Associates / Relatives of Directors / Group Companies</b>				
Over Six Months	11.15	11.15	-	-
Less than Six Months	-	-	7.60	-
<b>b. From Others</b>				
Over Six Months	827.54	1155.76	703.31	74.71
Less than Six Months	848.92	298.52	1137.11	730.67
<b>Total</b>	<b>1,687.62</b>	<b>1,465.44</b>	<b>1,848.02</b>	<b>805.38</b>

**Notes:**

- Trade Receivables as on June 30, 2018 has been taken as certified by the management of the company
- As per the view of the management of the company there is no doubtful debt and hence provision for doubtful debts have not been made

**DETAILS OF CASH AND CASH EQUIVALENTS AS RESTATED**

**ANNEXURE XIX  
(Amount in Lakhs)**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
Balances with banks	17.70	10.26	6.49	7.82
Cash on hand	43.12	19.26	0.48	6.82
<b>Total</b>	<b>60.82</b>	<b>29.51</b>	<b>6.98</b>	<b>14.64</b>

**DETAILS OF SHORT TERM LOANS and ADVANCES AS RESTATED**

**ANNEXURE XX  
(Amount in Lakhs)**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>A. To Related Parties</b>				
Mintankshi FMCH Products India (OPC) Pvt Ltd	-	-	0.17	-
Mintokshi Associates and Investment Pvt. Ltd.	27.82	27.82	-	-
Hitesh M. Patel	-	-	35.00	25.00
	<b>27.82</b>	<b>27.82</b>	<b>35.17</b>	<b>25.00</b>
<b>B. Security Deposits</b>				
Secured, Considered Good	-	-	-	-
Unsecured, Considered Good	13.93	13.83	12.16	11.83
	<b>13.93</b>	<b>13.83</b>	<b>12.16</b>	<b>11.83</b>
<b>C. Balance With Govt. Authorities</b>				
VAT / CENVAT/GST Credit Receivable	-	-	-	5.75
Service Tax	--	-	-	0.92
	-	-	-	<b>6.66</b>
<b>D. Others (specify nature)</b>				
Advance to Suppliers	145.46	145.46	136.81	-
- Advance to Staff	2.45	4.79	5.08	-
	<b>147.91</b>	<b>150.25</b>	<b>141.88</b>	-
<b>Total A+B+C+D</b>	<b>189.68</b>	<b>191.90</b>	<b>189.22</b>	<b>43.50</b>

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
<b>Notes:</b>				
• Advances Given to Suppliers have been taken as certified by the management of the company				
• No Securities have been taken by the company against the advances given to the suppliers				
• Advance Tax and TDS Receivables have been adjusted against the Provision for Direct Tax				

#### DETAILS OF REVENUE FROM OPERATIONS AS RESTATED

ANNEXURE XXI  
(Amount in Lakhs)

Particulars	For the Period ending on June 30, 2018	For the year ending on March 31, 2018	For the year ending on March 31, 2017	For the year ending on March 31, 2016
Domestic Sales				
"Revenue from sale of products:- Mfg. (Net of Goods Return)"	850.01	3,777.75	2,319.41	1,062.58
Export Sales				
"Revenue from sale of products:- Mfg. (Net of Goods Return)"	1.77	4.99	5.39	108.99
<b>Revenue from sale of products</b>	<b>851.78</b>	<b>3,782.73</b>	<b>2,324.80</b>	<b>1,171.57</b>
<b>Other operating revenues</b>				
R and D Income	-	165.00	600.00	435.00
Product Development and Approval Charges	3.11	0.15	9.33	9.35
	<b>3.11</b>	<b>165.15</b>	<b>609.33</b>	<b>444.35</b>
<b>Net revenue from operations</b>	<b>854.89</b>	<b>3,947.88</b>	<b>2,934.13</b>	<b>1,615.92</b>

\* Export Sales includes Deemed Export Sales made by the company.

#### DETAILS OF OTHER INCOME AS RESTATED

ANNEXURE XXII  
(Amount in Lakhs)

Particulars	For the Period ending on June 30, 2018	For the year ending on March 31, 2018	For the year ending on March 31, 2017	For the year ending on March 31, 2016	Particulars
Interest Income	0.38	0.98	1.16	0.13	Recurring and not Related to Business Activities
Outward Freight	0.77	1.88	2.51	-	Non Recurring and not Related to Business Activity
Handling Income	3.32	25.02	-	-	Non Recurring and Non Related To Business
Sale OF Scrap	-	0.19	-	1.07	Non Recurring and Related to Business Activities
Misc. Income	-	0.12	1.14	0.59	Recurring and Not Related to Business Activities
<b>Total</b>	<b>4.46</b>	<b>28.19</b>	<b>4.81</b>	<b>1.78</b>	

**DETAILS OF COST OF RAW MATERIAL CONSUMED**

**ANNEXURE XIII**  
(Amount in Lakhs)

Particulars	For the Period ending on June 30, 2018	For the year ending on March 31, 2018	For the year ending on March 31, 2017	For the year ending on March 31, 2016
Opening Stock Raw Material	1,352.55	790.82	197.73	137.66
Purchase Of Raw Material	216.07	2,133.36	1,534.18	582.18
Closing Stock of Raw Material	1,316.92	1,352.55	790.82	197.73
<b>Cost of Raw Material Consumed</b>	<b>251.71</b>	<b>1,571.63</b>	<b>941.09</b>	<b>522.11</b>

**RESTATED STATEMENT OF EMPLOYEE BENEFIT EXPENSE**

**ANNEXURE XXIV**  
(Amount in Lakhs)

Particulars	For the Period ending on June 30, 2018	For the year ending on March 31, 2018	For the year ending on March 31, 2017	For the year ending on March 31, 2016
<b>Salaries and Wages</b>				
Salary and wages	86.97	293.50	224.55	155.61
Directors Remuneration	18.60	74.40	60.00	9.00
	<b>105.57</b>	<b>367.90</b>	<b>284.55</b>	<b>164.61</b>
<b>Contribution to provident and other fund</b>				
Contribution to provident and other funds for others	1.93	2.18	1.48	0.90
Provision for Gratuity	0.49	16.40	5.93	0.71
	<b>2.42</b>	<b>18.58</b>	<b>7.40</b>	<b>1.61</b>
<b>Staff welfare Expenses</b>				
Staff Welfare Expenses	7.37	36.42	41.81	5.12
<b>Total</b>	<b>115.35</b>	<b>422.89</b>	<b>333.76</b>	<b>171.34</b>

**RESTATED STATEMENT OF FINANCE COST**

**ANNEXURE XXV**  
(Amount in Lakhs)

Particulars	For the Period ending on June 30, 2018	For the year ending on March 31, 2018	For the year ending on March 31, 2017	For the year ending on March 31, 2016
<b>Interest</b>				
Interest on long-term loans from Banks	31.82	141.05	138.98	147.41
Interest on Others	-	-	69.19	0.08
	<b>31.82</b>	<b>141.05</b>	<b>208.17</b>	<b>147.48</b>
<b>Other Borrowing costs</b>				
Other Borrowing costs	1.05	6.82	6.19	0.32
	<b>1.05</b>	<b>6.82</b>	<b>6.19</b>	<b>0.32</b>



<b>Total</b>	<b>32.87</b>	<b>147.87</b>	<b>214.35</b>	<b>147.81</b>
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**RESTATED STATEMENT OF OTHER EXPENSE**

**ANNEXURE XXVI**

(Amount in Lakhs)

<b>Particulars</b>	<b>For the Period ending on June 30, 2018</b>	<b>For the year ending on March 31, 2018</b>	<b>For the year ending on March 31, 2017</b>	<b>For the year ending on March 31, 2016</b>
Advertisement and Publicity/ Sales promotion Expenses	0.39	6.66	34.98	42.24
Audit Fees	0.30	1.05	1.05	0.80
Advances/Debtors Written off	-	35.00	-	1.50
Rent Expense	9.57	30.33	23.98	15.22
Stationery and Printing Expenses	2.81	8.80	3.48	1.81
Courier, Postage , Xerox Expenses and Telephone Expense	7.98	52.31	20.94	9.47
Security Charges	2.08	11.34	6.75	4.88
Freight and Transportation Expense	2.99	19.12	12.91	8.78
Donation	0.01	0.05	-	0.32
Commission, Discount and Marketing Expense	93.57	330.45	72.19	41.51
Insurance Expense	-	0.94	3.06	2.13
Legal and Professional Fees Expense	1.00	31.33	11.40	10.81
Rates and Taxes	-	0.93	2.33	3.91
Software Expense	0.05	5.94	1.57	-
Office Expense	8.82	12.94	12.75	7.32
Power and Fuel Expense	15.12	80.76	76.45	45.41
Repairs and Maintenance Expense	7.45	34.01	24.89	18.74
Travelling and Conveyance Expense	13.14	31.26	48.27	32.71
Consumable	8.62	21.05	83.94	-
Telephone Expense	1.98	4.94	7.54	4.52
Testing Charges	-	-	-	9.75
Gift Expense	4.42	1.11	-	-
Accommodation Expense	0.90	2.68	-	-
R&D Expense	7.50	80.59	-	55.95
Misc. Expense	4.02	7.32	4.48	5.82
<b>Total</b>	<b>192.70</b>	<b>810.91</b>	<b>452.96</b>	<b>323.55</b>

**DETAILS OF RELATED PARTIES TRANSACTIONS AS RESTATED**  
**ANNEXURE XXVII**  
**(Amount in Lakhs)**

Name of the Party	Nature of Relation	Nature of Transaction	Amount of Transaction Debit ed in 2015-16	Amount of Transaction Credited in 2015-16	Amount Outstanding as on 31.03.16 (Payable)/ Receivable	Amount of Transaction Debit ed upto 31.03.2017	Amount of Transaction Credited upto 31.03.2017	Amount Outstanding as on 31.03.17 (Payable)/ Receivable	Amount of Transaction Debit ed upto 31.03.2018	Amount of Transaction Credited upto 31.03.2018	Amount Outstanding as on 31.03.2018 (Payable)/ Receivable	Amount of Transaction Debit ed upto 30.06.2018	Amount of Transaction Credited upto 30.06.2018	Amount Outstanding as on 30.06.2018 (Payable)/ Receivable
Minto Purushotam Gupta	Director	Director Remuneration	28.34	6.00	-	36.00	36.00	-	52.40	52.40	-	4.38	11.55	(7.17)
Minto Purushotam Gupta	Director	Unsecured Loan	3.47	0.28	(54.24)	89.03	62.71	(27.92)	44.27	27.53	(11.19)	-	-	(11.19)
Minto Purushotam Gupta	Director	Remission For Accommodation	-	-	-	-	-	-	-	-	-	-	-	-
Hitesh Mohanbhai Patel	Director	Loans and Advances	-	-	25.00	10.00	-	35.00	-	35.00	-	-	-	-
Mintokshi Associates and Investment Pvt Ltd	Associate Company	Loans and Advances	-	-	-	-	-	-	29.82	2.00	27.82	-	-	27.82
Meenakshi Gupta	Director	Director Remuneration	-	3.00	(3.00)	27.00	24.00	-	22.00	22.00	-	7.05	7.05	-
Meenakshi Gupta	Director	Sales	-	-	-	-	-	-	-	-	-	-	-	-

Name of the Party	Nature of Relation	Nature of Transaction	Amount of Transaction Debit ed in 2015-16	Amount of Transaction Credited in 2015-16	Amount Outstanding as on 31.03.16 (Payable)/ Receivable	Amount of Transaction Debit ed upto 31.03.2017	Amount of Transaction Credited upto 31.03.2017	Amount Outstanding as on 31.03.17 (Payable)/ Receivable	Amount of Transaction Debit ed upto 31.03.2018	Amount of Transaction Credited upto 31.03.2018	Amount Outstanding as on 31.03.2018 (Payable)/ Receivable	Amount of Transaction Debit ed upto 30.06.2018	Amount of Transaction Credited upto 30.06.2018	Amount Outstanding as on 30.06.2018 (Payable)/ Receivable
Meenakshi Gupta	Director	Unsecured Loan	-	-	-	-	-	-	-	-	-	-	-	-
Specialty Research and Life Sciences	Proprietorship of director	Unsecured Loan	162.18	22.74	(348.11)	753.82	410.54	(4.83)	22.28	17.45	-	3.25	8.80	(5.55)
Specialty Research and Life Sciences	Proprietorship of director	Sales	19.17	19.17	-	15.90	8.30	7.60	-	-	7.60	-	-	7.60
Mr. Yezdi Batliwala	Director	Unsecured Loans	-	-	-	-	-	-	-	-	-	-	10.00	(10.00)
Mintakashi FMCH Products India (OPC) Private Limited	Common Director	Purchase	-	-	-	-	-	-	111.88	111.88	-	8.22	22.43	(14.21)
Mintakashi FMCH Products India (OPC) Private Limited	Common Director	Loans and Advances	-	-	-	0.17	-	0.17	-	0.17	-	-	-	-
Rani Venkata Satya Umeshwara Rao	Director	Sales	-	-	-	-	-	-	-	-	-	-	-	-

Name of the Party	Nature of Relation	Nature of Transaction	Amount of Transaction Debit ed in 2015-16	Amount of Transaction Credited in 2015-16	Amount Outstanding as on 31.03.16 (Payable)/ Receivable	Amount of Transaction Debit ed upto 31.03.2017	Amount of Transaction Credited upto 31.03.2017	Amount Outstanding as on 31.03.17 (Payable)/ Receivable	Amount of Transaction Debit ed upto 31.03.2018	Amount of Transaction Credited upto 31.03.2018	Amount Outstanding as on 31.03.2018 (Payable)/ Receivable	Amount of Transaction Debit ed upto 30.06.2018	Amount of Transaction Credited upto 30.06.2018	Amount Outstanding as on 30.06.2018 (Payable)/ Receivable
		Sundry Expense	0.28	0.28	-	5.71	3.98	1.73	4.44	2.51	3.67	-	-	3.67
		Salary	8.95	7.18	(20.06)	-	-	(20.06)	-	-	(20.06)	-	-	(20.06)
Ms. Mohita Gupta	Relative of KMP	Salary	-	6.44	(6.60)	-	-	(6.60)	3.00	-	(3.60)	-	-	(3.60)

**CAPITALIZATION STATEMENT AS RESTATED AS AT JUNE 30, 2018**

**ANNEXURE XXVIII  
(Amount in Lakhs)**

<b>Particulars</b>	<b>Pre Issue</b>	<b>Post Issue</b>
<b>Borrowings:</b>		
Short-term Debt (A)	-	[●]
Long-term Debt (B)	1050.91	[●]
<b>Total debts (C)</b>	<b>1050.91</b>	<b>[●]</b>
<b>Shareholders' funds</b>		
Share capital	1350.14	[●]
Reserve and surplus	2543.75	[●]
<b>Total shareholders' funds (D)</b>	<b>3893.89</b>	<b>[●]</b>
<b>Long term debt / shareholders' funds (B/D)</b>	<b>0.27</b>	<b>[●]</b>
<b>Total debt / shareholders' funds (C/D)</b>	<b>0.27</b>	<b>[●]</b>

1. Short term debts represent debts which are due within 12 months from June 30, 2018.
2. Long term debts represent debts other than short term debts, as defined above but includes current maturities of long term debt.
3. The figures disclosed above are based on restated statement of Assets and Liabilities of the Company as at June 30, 2018.

**STATEMENT OF TAX SHELTERS AS RESTATED**

**ANNEXURE XXVIX  
(Amount in Lakhs)**

<b>Particulars</b>	<b>As at June 30,2018</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>	<b>As at March 31, 2016</b>
Profit before tax, as restated (A)	247.81	1,267.45	952.02	354.90
Normal Corporate Tax Rate (%)	26.00	25.75	30.90	30.90
Minimum Alternative Tax Rate (%)	20.59	21.34	20.39	20.39
Adjustments :	-	-	-	-
Permanent differences	-	-	-	-
Expenses disallowed under Income Tax Act, 1961	4.06	0.05	0.29	35.05
Donation	-	-	-	-
Total permanent differences(B)	4.06	0.05	0.29	35.05
Income considered separately (C.)	-	-	-	-
Timing differences	-	-	-	-
Depreciation as per Books	30.30	128.05	119.06	115.12
Depreciation as per IT Act	38.48	139.28	118.85	118.05
Other Disallowance including u/s. 43B	-	-	-	-
Gratuity	0.49	15.87	5.93	0.71
Total timing differences (D)	(7.70)	4.64	6.13	(2.23)
Net adjustments E = (B+C+D)	(3.64)	4.69	6.42	32.82
Tax expense / (saving) thereon	(0.95)	1.21	1.99	10.14
Income from other sources (F)	-	-	-	-
Exempt Income (G)	-	-	-	-
Income/(loss) (A+E+F-G)	244.17	1,272.14	958.44	387.72
Brought Forward Loss Set Off	-	-	-	-

- Ordinary Business Loss	(152.60)	(1,272.14 )	(958.44)	(387.72)
- Unabsorbed Depreciation	(91.57)	-	-	-
- Total	-	-	-	-
Taxable Income /Loss	-	-	-	-
Deduction u/s 80IC	-	-	-	-
Taxable income/(loss)	-	-	-	-
Tax as per Normal Provision	-	-	-	-
Income/(loss) as per MAT	247.81	1,267.45	952.02	354.90
Brought Forward Loss Set Off /Depreciation	-	-	192.31	354.90
Income As per MAT(After Set off)	247.81	1,267.45	759.71	-
Taxable income As per MAT	247.81	1,267.45	759.71	-
Income tax as per MAT	51.02	270.49	154.90	-
Tax paid as per "MAT" or "Normal Provisions"	MAT Provision	MAT Provision	MAT Provision	Normal Provision

## OTHER FINANCIAL INFORMATION

### Statement of the other financial information -

Ratio	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016
Restated PAT as per statement of profit and loss	245.81	1,268.78	953.91	354.21
Restated Earnings Before Interest Tax Depreciation and Amortisation (EBITDA)	310.98	1,543.37	1,285.43	617.83
Weighted average number of equity shares at the end of the year/ period	135.01	130.19	105.28	64.59
No. of Equity Shares at the end of the year / period	135.01	135.01	129.32	104.32
Total No. Of Shares (Equity + Preference)	135.01	135.01	129.32	104.32
Net Worth , including Preference Share Capital	3,893.89	3,648.08	2,214.30	840.39
Net Worth , Excluding Preference Share Capital	3,893.89	3,648.08	2,214.30	840.39
Basic Earnings Per Share (Rs)	1.82	9.75	9.06	5.48
Return on net worth (%)	6.31%	34.78%	43.08%	42.15%
Net Asset value per Equity Share	28.84	27.02	17.12	8.06
Net Asset value per Share including Preference Shares Capital	28.84	27.02	17.12	8.06
Nominal value per equity share (Rs.)	10.00	10.00	10.00	10.00

#### Notes:

2. The ratios have been Computed as per the following formulas

(i) Basic Earnings per Share

$$\frac{\text{Restated Profit after Tax available to equity shareholders}}{\text{Weighted average number of equity shares outstanding at the end of the year / period}}$$

(ii) Net Asset Value (NAV) per Equity Share

$$\frac{\text{Restated Networth of Equity Share Holders}}{\text{Number of equity shares outstanding at the end of the year / period}}$$

(iii) Return on Net worth (%)

$$\frac{\text{Restated Profit after Tax available to equity shareholders}}{\text{Restated Networth of Equity Share Holders}}$$

3. EBITDA represents earnings (or profit/ (loss)) before finance costs, income taxes, and depreciation and amortization expenses. Extraordinary and exceptional items have been considered in the calculation of EBITDA as they were expense items.
4. Net Profit as restated, as appearing in the statement of profit and losses, has been considered for the purpose of computing the above ratios. These ratios are computed on the basis of the restated financial information of the Company.

5. Earnings per share calculations are done in accordance with Accounting Standard 20 "Earning per Share", issued by the Institute of Chartered Accountants of India.
6. Prior to June 30, 2018, the company has made the following changes in its capital structure, the effects of which have been considered in computing the above accounting ratios
  - (i) During the Financial Year 2015-16 the Company has converted its existing 51,02,464 convertible preference shares into equity shares of Rs. 10 each by passing a special resolution in extraordinary General Meeting held on 17th November 2015
  - (ii) During the Financial Year 2016-17 the Company increased its authorized share capital from 1,15,50,000 to 1,35,00,000 equity Shares of Rs. 10 each by passing special resolution at extraordinary general meeting held on 01st March 2017
  - (iii) During the Financial Year 2016-17 the Company has issued and allotted 25,00,000 Equity Shares of Rs. 10 each by passing special resolution at extra ordinary general meeting held on 17th March 2017 on preferential basis by conversion of unsecured loan.
  - (iv) During the Financial Year 2017-18 the Company increased its authorized share capital from 1,35,00,000 to 1,80,00,000 equity Shares of Rs. 10 each by passing special resolution at extraordinary general meeting held on 4<sup>th</sup> August, 2017.
  - (v) During FY 2017-18, the company has issued and Allotted 5,68,966 shares of Rs.10 each(Face Value), by passing a resolution in Board meeting held as on February 5, 2018 at registered office of the Company.

For **Keyur Shah & Co.**  
*Chartered Accountants*  
Firm's Registration No.: 141173W

Sd/-  
**Keyur Shah**  
*Proprietor*  
Membership No.: 153774  
October 30, 2018  
Ahmedabad



## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

*You should read the following discussion of our financial condition and results of operations together with our Restated Financial Statements which have been included in this Red Herring Prospectus. The following discussion and analysis of our financial condition and results of operations is based on our Restated Financial Statements for the period ended June 30, 2018 and years ended March 31, 2018, 2017 and 2016 including the related notes and reports, included in this Red Herring Prospectus prepared in accordance with requirements of the Companies Act and restated in accordance with the SEBI Regulations, which differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries. Our Financial Statements, as restated have been derived from our audited financial statements for the respective years. Accordingly, the degree to which our Restated Financial Statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Indian GAAP, Companies Act, SEBI Regulations and other relevant accounting practices in India.*

*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 described under "Risk Factors" and "Forward Looking Statements" beginning on pages 28 and 20 respectively, and elsewhere in this Red Herring Prospectus.*

*Our Financial Year ends on March 31 of each year. Accordingly, all references to a particular Financial Year are to the 12 months ended March 31 of that year.*

### OVERVIEW

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

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

We mainly develop and market differentiated healthcare products specializing in nutraceutical and cosmeceutical products, which we commercialize through different revenue channels that takes the products solutions to the consumers which includes network of distributors, marketing agents, direct to consumers and e-commerce channel for our domestic sales. The Company is not required to maintain bifurcation of sales in the category of distributors, marketing agents, direct to consumers and e-commerce channel for domestic sales. We have a training centre for our marketing agents wherein we train them about our business model and offer them various schemes and incentives to market our

products. As on date of this Red Herring Prospectus, we have 140 distributors and around 6,100 marketing agents. We have also set up our own portal for commercialisation of our products and their distribution through e-commerce. The online portal for e-commerce are [www.beyoungstore.com](http://www.beyoungstore.com) and [www.deccanhealthcare.co.in](http://www.deccanhealthcare.co.in). Our Company has been receiving encouraging response in this direction from consumers. We have a PAN India presence in domestic markets. To expand our reach, we have also entered into 2 distributorship agreements with foreign distributors situated in Kenya and Tanzania respectively.

Our Promoters, Minto Gupta and Hitesh Patel have played an instrumental role in the growth of our Company. Our promoter Minto Gupta has been associated with our Company since incorporation and our Company may be rightly called the brainchild of Minto Gupta. He is the guiding force behind the research and development capabilities of our Company and under his guidance we have been able to successfully execute our business strategies over the years. With his expertise and knowledge, our Company has been able to generate a new source of revenue i.e. R&D development or transfer as per requirements of our customers. Our other promoter Hitesh Patel joined hands with our Company in 2008 and has since then headed the Company for organic and strategic growth by tapping the expansion opportunities available at different phases of our business cycle. With our experienced and dedicated management, we have recorded an annual turnover of Rs. 3,976.07 lakhs in 2018 from Rs. 704.68 lakhs in the year 2014. The said growth was achieved despite our manufacturing unit facing a natural calamity in 2013 which took a span of time for revival.

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

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

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

**SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR**

In the opinion of the Board of Directors of our Company, since the date of the last financial statements disclosed in this Red Herring Prospectus, there have not arisen any circumstance that materially or adversely affect or are likely to affect the profitability of our Company or the value of its assets or its ability to pay its material liabilities within the next twelve months except as follows:

1. The Board of Directors have, pursuant to Section 62(1)(c) of the Companies Act 2013, by a resolution passed at its meeting held on August 05, 2018, authorized the Issue, subject to the approval of the shareholders and such other authorities as may be necessary.
2. The shareholders of the Company have, pursuant to Section 62(1)(c) of the Companies Act 2013, by a special resolution passed in the Annual General Meeting held on September 20, 2018 authorized the Offer.

**FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our business is subjected to various risks and uncertainties, including those discussed in the section titled “*Risk Factors*” beginning on page 28 of this Red Herring Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- Supply and availability of raw material/traded goods;
- Competition and price cutting from existing and new entrants;
- Performance of our distribution channel;
- Brand image;

- Rate of interest policies;
- Economic and Demographic conditions; and
- Changes in laws and regulations that apply to Healthcare Industry in domestic and overseas market.

## **SIGNIFICANT ACCOUNTING POLICIES**

### **(a) Use of Estimates:**

The preparation of financial statements in conformity with Indian GAAP requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reported period. Although these estimates are based on management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the Carrying amounts of Assets or Liabilities in future periods.

### **(b) Property, Plant and equipment:**

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. The cost of an asset comprises of its purchase price and any directly attributable cost of bringing the assets to working condition for its intended use. Expenditure on additions, improvements and renewals is capitalized and expenditure for maintenance and repairs is charged to profit and loss account.

### **(c) Revenue Recognition:**

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from sale of goods is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for price, significant risk and rewards of ownership are transferred to the customers and no effective ownership is retained. Sales comprises sale of goods and services, net of trade discounts and include exchange differences arising on sales transactions.

### **(D) Foreign Currency Transactions:**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated into Rupees at the exchange rate prevailing at the Balance Sheet Date. All exchange differences are dealt with in Profit and Loss Account.

### **(E) Investments:**

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of Investments.

On disposal of investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

### **(F) Employee Benefits:**

Retirement benefit in the form of provident fund is a defined contribution scheme. The contribution to the provident fund is charged to the statement of profit and loss for the year when an employee renders the related services. The company has no obligations, other than the contribution payable to the provident fund.

Provision for Gratuity is provided on the basis of Actuarial Valuation Report of the Actuary.

**(G) Taxation:**

Tax expenses comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the Tax Authorities in accordance with the Income Tax Act'1961 enacted or substantively enacted at the reporting date.

Deferred Tax Assets or Deferred Tax Liability is recognized on timing difference being the difference between taxable incomes and accounting income. Deferred Tax Assets or Deferred Tax Liability is measured using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred Tax Assets arising from timing differences are recognized to the extent there is a reasonable certainty that the assets can be realized in future.

**(H) Borrowing Cost:**

Borrowing Cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

**(I) Segment Reporting:**

The Company is engaged in manufacturing of nutraceutical products. Considering the nature of Business and Financial Reporting of the Company, the Company is operating in only one Segment. Hence segment reporting is not applicable.

**(J) Provisions and Contingent Liabilities:**

A provision is recognized when the company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

S. No.	Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016
	Claim against company not acknowledge as debts				
I	in respect of Income Tax	5.26	5.26	5.26	5.26
ii	in respect of Commercial Tax	136.24	136.24	136.24	84.49
	<b>Total</b>	<b>141.50</b>	<b>141.50</b>	<b>141.50</b>	<b>89.75</b>

**(K) Earnings per share:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

**(L) Amortization of Expenses:**

The Company has incurred the expenses for Research and Development, and for the purpose of the Product Development, the benefit of which is enduring in nature and hence, the company has adopted the policy for writing off the same over a period of Five years.

## OVERVIEW OF REVENUE AND EXPENSES

### Revenue and Expenses

Our revenue and expenses are reported in the following manner:

#### *Total Revenue*

Our Total Revenue comprises of revenue from operations and other income.

#### *Revenue from operations*

Our principal component of revenue from operations is from sale of manufactured nutraceutical, cosmeceutical & health care products. Further, we also derive income from Research & Development activities and Product Development for clients.

#### *Other Income*

Our other income mainly includes interest from Bank on term deposits, outward freight income, miscellaneous income, income from sale of scrap, etc.

#### *Expenses*

Our expenses comprise of cost of material consumed, changes in inventory of finished goods and work-in progress, employee benefit expenses, finance costs, depreciation & amortisation expenses and other expenses.

#### *Cost of material consumed*

Our Cost of materials consumed include purchase of raw materials such as flax seeds, milk proteins, kinnowa, phytonutrients, vitamins and minerals, herbal extracts, fibre extracts and packaging materials, etc.

#### *Employee benefit expenses*

Our employee benefit expenses mainly include salaries & wages expense, directors' remuneration, employee incentives, contribution to provident and other funds, gratuity expense, staff welfare expenses, etc.

#### *Finance costs*

Our finance costs mainly include interest on secured and unsecured borrowings, interest on delayed payment of taxes, bank charges, other borrowing costs etc.

#### *Depreciation and amortisation expenses*

Our depreciation and amortisation expenses comprise of depreciation on tangible fixed assets.

#### *Other expenses*

Our other expenses mainly include manufacturing and direct expenses such as power & fuel expenses, consumables, transportation expenses, etc. It also includes administration and selling expenses such as advertisements & publicity, selling & distribution, trade discounts & promotional expenses, rent, postage & courier charges, consultancy charges, printing, & stationery, etc.

### Our Results of Operations

The following table sets forth select financial data from our restated financial statement of profit and loss for the period ended June 30, 2018 and financial years ended March 31, 2018, 2017 and 2016 the components of which are also expressed as a percentage of total revenue for such periods:

Particulars	For the period ended June 30, 2018		For the Year ended March 31, 2018		For the Year ended March 31, 2017		For the Year ended March 31, 2016	
	Rs. in Lakhs	(%)*	Rs. in Lakhs	(%)*	Rs. in Lakhs	(%)*	Rs. in Lakhs	(%)*
<b>Total Revenue:</b>								
Revenue from operations	854.89	99.48%	3,947.88	99.29%	2,934.13	99.84%	1,615.92	99.89%
Other income	4.46	0.52%	28.18	0.71%	4.81	0.16%	1.78	0.11%
<b>Total Revenue</b>	<b>859.35</b>	<b>100.00%</b>	<b>3,976.07</b>	<b>100.00%</b>	<b>2,938.94</b>	<b>100.00%</b>	<b>1,617.71</b>	<b>100.00%</b>
<b>Expenses:</b>								
Cost of Material Consumed	251.71	29.29%	1,571.63	39.53%	941.09	32.02%	522.11	32.27%
Change in inventories of finished goods and work-in-progress	(11.39)	(1.33%)	(372.73)	(9.37%)	(74.30)	(2.53%)	(35.97)	(2.22%)
Employee benefit expenses	115.35	13.42%	422.89	10.64%	333.76	11.36%	171.34	10.59%
Finance costs	32.87	3.83%	147.87	3.72%	214.35	7.29%	147.81	9.14%
Depreciation and amortization expenses	30.30	3.53%	128.05	3.22%	119.06	4.05%	115.12	7.12%
Other expenses	192.70	22.42%	810.91	20.39%	452.97	15.41%	323.56	20.00%
<b>Total Expenses</b>	<b>611.54</b>	<b>71.16%</b>	<b>2,708.62</b>	<b>68.12%</b>	<b>1,986.92</b>	<b>67.61%</b>	<b>1,243.96</b>	<b>76.90%</b>
<b>Profit before exceptional, extraordinary items and tax</b>	<b>247.81</b>	<b>28.84%</b>	<b>1,267.45</b>	<b>31.88%</b>	<b>952.02</b>	<b>32.39%</b>	<b>373.74</b>	<b>23.10%</b>
Extraordinary and Exceptional items	-	-	-	-	-	-	18.85	1.17%
<b>Profit before tax</b>	<b>247.81</b>	<b>28.84%</b>	<b>1,267.45</b>	<b>31.88%</b>	<b>952.02</b>	<b>32.39%</b>	<b>354.90</b>	<b>21.94%</b>
Tax expense								
(i) Current tax	51.02	5.94%	270.49	6.80%	154.90	5.27%	-	-
(ii) MAT Credit	(51.02)	(5.94%)	(270.49)	(6.80%)	(154.90)	(5.27%)	-	-

Particulars	For the period ended June 30, 2018		For the Year ended March 31, 2018		For the Year ended March 31, 2017		For the Year ended March 31, 2016	
	Rs. in Lakhs	(%)*	Rs. in Lakhs	(%)*	Rs. in Lakhs	(%)*	Rs. in Lakhs	(%)*
(iii) Deferred tax	2.00	0.23%	(1.33)	(0.03%)	(1.89)	(0.06%)	0.69	0.04%
<b>Total Tax Expense</b>	<b>2.00</b>	<b>0.23%</b>	<b>(1.33)</b>	<b>(0.03%)</b>	<b>(1.89)</b>	<b>(0.06%)</b>	<b>0.69</b>	<b>0.04%</b>
<b>Profit for the year/ period</b>	<b>245.81</b>	<b>28.60%</b>	<b>1,268.78</b>	<b>31.91%</b>	<b>953.91</b>	<b>32.46%</b>	<b>354.21</b>	<b>21.90%</b>

\* (%) column represents percentage of total revenue.

### **Review of Operation for the Period Ended June 30, 2018**

#### **Total Revenue**

##### *Revenue from operations*

Revenue from operations for the period ended June 30, 2018 amounted to Rs. 854.89 lakhs which was primarily on account of domestic and export sale of manufactured nutraceutical, cosmeceutical and healthcare products. It also include revenue from product development and approval.

##### *Other income*

Our other income was Rs. 4.46 lakhs for the period ended June 30, 2018 comprising of handling charges of Rs. 3.32 lakhs, outward freight of Rs. 0.77 lakh and interest income of Rs. 0.38 lakhs.

#### **Total Expenses**

Our total expenses, excluding tax amounted to Rs. 611.54 lakhs for the period ended June 30, 2018 which were 71.16% of our total revenue.

##### *Cost of material consumed*

Our cost of material consumed for the period ended June 30, 2018 was Rs. 251.71 lakhs which comprised consumption of flax seeds, milk proteins, kinnova, phytonutrients, vitamins and minerals, herbal extracts, fibre extracts and packaging materials, etc.

##### *Employee Benefit Expenses*

Our employee benefit expenses for the period ended June 30, 2018 were Rs. 115.35 lakhs which primarily comprised of salary & wages of Rs. 86.97 lakhs, directors' remuneration of Rs. 18.60 lakhs, contribution to provident and other funds of Rs. 1.93 lakhs, provision for gratuity of Rs. 0.49 lakh and staff welfare expenses of Rs. 7.37 lakhs.

##### *Finance Costs*

Our finance costs for the period ended June 30, 2018 were Rs. 32.87 lakhs primarily consisting of interest on long term business and vehicle loans from banks amounting to Rs. 31.82 lakhs and bank charges and other borrowing costs of Rs. 1.05 lakhs.

##### *Depreciation and Amortization Expenses*

Our Depreciation and amortization expenses were Rs. 30.30 lakhs for the period ended June 30, 2018 on account of depreciation on tangible fixed assets.

##### *Other expenses*

Our other expenses for the period ended June 30, 2018 were Rs. 192.70 lakhs primarily consisting of direct expenses such as power and fuel charges of Rs. 15.12 lakhs, consumables expenses of Rs. 8.62 lakhs, research and development expenses of Rs. 7.50 lakhs and freight and transportation expenses of

Rs. 2.99 lakhs. administrative expenses such as travelling and conveyance expenses of Rs. 13.14 lakhs, rent expenses of Rs. 9.57 lakhs, office expenses of Rs. 8.82 lakhs, postage and courier expenses of Rs. 7.98 lakhs, repairs and maintenance expenses of Rs. 7.45 lakhs, gift expenses of Rs. 4.42 lakhs, printing and stationery expenses of Rs. 2.81 lakhs, security charges of Rs. 2.08 lakhs, telephone expenses of Rs. 1.98 lakhs and legal and professional expenses of Rs. 1.00 lakhs, among others and selling and distribution expenses such as commission and discount expenses of Rs. 93.57 lakhs and sales promotion and advertisement expenses of Rs. 0.39 lakh.

#### *Profit before Tax*

Our Profit before tax for the period ended June 30, 2018 was Rs. 247.81 lakhs which was 28.84% of our total revenue.

#### *Tax Expenses*

Our tax expenses for the period ended June 30, 2018 were Rs. 2.00 lakhs. Tax expenses comprised of current tax of Rs. 51.02 lakhs and deferred tax of Rs. 2.00 lakhs which was partially set off by MAT credit entitlement of Rs. 51.02 lakhs. Our tax expenses were 0.23% of our total revenue.

#### *Profit after Tax*

Our profit after tax for the period ended June 30, 2018 was Rs. 245.81 lakhs forming 28.60% of our total revenue.

### **FINANCIAL YEAR 2017-18 COMPARED WITH FINANCIAL YEAR 2016-17**

#### ***Total Revenue***

Our total revenue increased by 35.29% to Rs. 3,976.07 lakhs for the financial year 2017-18 from Rs. 2,938.94 lakhs for the financial year 2016-17 due to the factors described below:

#### *Revenue from operations*

Our revenue from operations increased by 34.55% to Rs. 3,947.88 lakhs for the financial year 2017-18 from Rs. 2,934.13 lakhs for the financial year 2016-17. The increase was mainly due to increase in revenue from domestic sale of our products by Rs. 1,458.34 lakhs. However, the increase was partially offset by decrease in revenue from Research and Development income by Rs. 435.00 lakhs, product development and approval charges by Rs. 9.18 lakhs and export sale of products by Rs. 0.41 lakh.

*Other income:* Our other income increased by 485.43% to Rs. 28.18 lakhs for the financial year 2017-18 from Rs. 4.81 lakhs for the financial year 2016-17 mainly due to increase in handling income by Rs. 25.02 lakhs which was partially offset by decrease in freight income by Rs. 0.63 lakh and interest income by Rs. 0.18 lakh.

#### ***Total Expenses***

Our total expenses increased by 36.32% to Rs. 2,708.62 lakhs for the financial year 2017-18 from Rs. 1,986.92 lakhs for the financial year 2016-17, due to the factors described below:

#### *Cost of material consumed*

Our Cost of material consumed for the financial year 2017-18 increased by 67.00% to Rs. 1,571.63 lakhs for the financial year 2017-18 as compared to Rs. 941.09 lakhs for the financial year 2016-17. Increase in cost of material consumed was in line with increase in our revenue from sale of manufactured products.

#### *Employee benefits expenses*

Our employee benefit expenses increased by 26.71% to Rs. 422.89 lakhs for the financial year 2017-18 from Rs. 333.76 lakhs for the financial year 2016-17. The increase was mainly due to increase in salary and wages by Rs 68.95 lakhs, director's remuneration by Rs. 14.40 lakhs, provision for gratuity by Rs. 10.47 lakhs, among others. However, the increase was partially offset by decrease in staff welfare expenses by Rs 5.39 lakhs. Increase in employee benefit expenses was mainly due to increase in our employee headcount which was 160 as on March 31, 2018 as compared to 99 as on March 31, 2017.



### *Finance costs*

Our finance costs decreased by 31.02% to Rs. 147.87 lakhs for the financial year 2017-18 from Rs. 214.35 lakhs for the financial year 2016-17. The decrease was mainly on account of decrease in our interest bearing long term borrowings to Rs. 841.85 lakhs as on March 31, 2018 from Rs. 1076.49 lakhs as on March 31, 2017. Our other borrowings from related parties do not bear any interest.

### *Depreciation and amortization expense*

Our depreciation and amortization expense increased by 7.55% to Rs. 128.05 lakhs for the financial year 2017-18 from Rs. 119.06 lakhs for the financial year 2016-17. The gross block of fixed assets increased by Rs. 517.80 lakhs during the financial year 2017-18.

### *Other expenses*

Our other expenses increased by 79.02% to Rs. 810.91 lakhs for the financial year 2017-18 from Rs. 452.97 lakhs for the financial year 2016-17. Our direct operating expenses increased by Rs. 28.21 lakhs mainly on account of increase in research and development expenses by Rs. 80.59 lakhs, freight and transportation expenses by Rs. 6.21 lakhs and power and fuel expenses by Rs. 4.31 lakhs which was partially offset by decrease in consumables expenses by Rs. 62.89 lakhs. Our administrative expenses increased by Rs. 99.79 lakhs mainly on account of write off of advances of Rs. 35.00 lakhs, increase in postage and courier expenses by Rs. 31.37 lakhs, legal and professional charges by Rs. 19.93 lakhs, repairs and maintenance expenses by Rs. 9.12 lakhs, rent expenses by Rs. 6.35 lakhs, stationery and printing expenses by Rs. 5.32 lakhs, security charges by Rs. 4.59 lakhs, software expenses by Rs. 4.36 lakhs and miscellaneous expenses by Rs. 2.84 lakhs, among others which was partially offset by decrease in travelling and conveyance expenses by Rs. 17.02 lakhs, telephone expenses by Rs. 2.60 lakhs and insurance expenses by Rs. 2.12 lakhs. Our selling and distribution expenses increased by Rs. 229.93 lakhs due to increase in commission, discount and marketing expenses by Rs. 258.26 lakhs which was partially offset by decrease in advertisement, publicity and sales promotion expenses by Rs. 28.33 lakhs.

### *Profit before tax*

Our profit before tax increased by 33.13% to Rs. 1,267.45 lakhs for the financial year 2017-18 from Rs. 952.02 lakhs for the financial year 2016-17. The increase was mainly due to the factors described above.

### *Tax expenses*

Our tax benefit for the financial year 2017-18 amounted to Rs. 1.33 lakhs as against benefit of Rs. 1.89 lakhs for the financial year 2016-17 on account of deferred tax. Current tax of Rs. 270.49 lakhs was offset by the same amount of MAT credit entitlement for the financial year 2017-18.

### *Profit after tax*

Due to reasons mentioned above, our profit after tax increased by 33.01% to Rs. 1,268.78 lakhs for the financial year 2017-18 from Rs. 953.91 lakhs for the financial year 2016-17.

## **FINANCIAL YEAR 2016-17 COMPARED WITH FINANCIAL YEAR 2015-16**

### ***Total Revenue***

Our total revenue increased by 81.67% to Rs. 2,938.94 lakhs for the financial year 2016-17 from Rs. 1,617.71 lakhs for the financial year 2015-16 due to the factors described below:

### *Revenue from operations*

Our revenue from operations increased by 81.58% to Rs. 2,934.13 lakhs for the financial year 2016-17 from Rs. 1,615.92 lakhs for the financial year 2015-16. The increase was mainly due to increase in revenue from domestic sale of our products by Rs. 1,256.82 lakhs and income from research and development by Rs. 165.00 lakhs which was partially offset by revenue from export sale of products Rs. 103.60 lakhs and product development and approval charges by Rs. 0.02 lakh.

*Other income:* Our other income increased by 169.75% to Rs. 4.81 lakhs for the financial year 2016-17 from Rs. 1.78 lakhs for the financial year 2015-16 mainly due to increase in freight charges income by Rs. 2.51 lakhs, handling income by Rs. 1.03 lakhs and miscellaneous income by Rs. 0.55 lakhs which was partially offset by decrease in income from sale of scrap by Rs. 1.07 lakhs.

### ***Total Expenses***

Our total expenses increased by 59.73% to Rs. 1,986.92 lakhs for the financial year 2016-17 from Rs. 1,243.96 lakhs for the financial year 2015-16, due to the factors described below:

#### *Cost of material consumed*

Our Cost of material consumed for the financial year 2016-17 increased by 80.25% to Rs. 941.09 lakhs as compared to Rs. 522.11 lakhs for the financial year 2015-16. Increase in our cost of material consumed was in line with increase in our revenue from sale of manufactured products.

#### *Employee benefits expenses*

Our employee benefit expenses increased by 94.80% to Rs. 333.76 lakhs for the financial year 2016-17 from Rs. 171.34 lakhs for the financial year 2015-16. The increase was mainly due to increase in salary and wages by Rs 68.94 lakhs, director's remuneration by Rs. 51.00 lakhs, staff welfare expenses by Rs. 36.69 lakhs, provision for gratuity by Rs. 5.22 lakhs, among others. Increase in employee benefit expenses was mainly due to increase in our employee headcount which was 99 as on March 31, 2017 as compared to 60 as on March 31, 2016.

#### *Finance costs*

Our finance costs increased by 45.03% to Rs. 214.35 lakhs for the financial year 2016-17 from Rs. 147.81 lakhs for the financial year 2015-16. The increase was mainly on account of increase in our interest expenses on loan other than banks by Rs. 69.12 lakhs and other borrowing costs by Rs. 5.86 lakhs. However, the increase was partially offset by decrease in interest on long term loans by Rs. 8.43 lakhs.

#### *Depreciation and amortization expense*

Our depreciation and amortization expense increased by 7.55% to Rs. 128.05 lakhs for the financial year 2017-18 from Rs. 119.06 lakhs for the financial year 2016-17. The gross block of fixed assets increased by Rs. 517.80 lakhs during the financial year 2017-18.

#### *Other expenses*

Our other expenses increased by 79.02% to Rs. 810.91 lakhs for the financial year 2017-18 from Rs. 452.97 lakhs for the financial year 2016-17. Our direct operating expenses increased by Rs. 28.21 lakhs mainly on account of increase in research and development expenses by Rs. 80.59 lakhs, freight and transportation expenses by Rs. 6.21 lakhs and power and fuel expenses by Rs. 4.31 lakhs which was partially offset by decrease in consumables expenses by Rs. 62.89 lakhs. Our administrative expenses increased by Rs. 99.79 lakhs mainly on account of write off of advances of Rs. 35.00 lakhs, increase in postage and courier expenses by Rs. 31.37 lakhs, legal and professional charges by Rs. 19.93 lakhs, repairs and maintenance expenses by Rs. 9.12 lakhs, rent expenses by Rs. 6.35 lakhs, stationery and printing expenses by Rs. 5.32 lakhs, security charges by Rs. 4.59 lakhs, software expenses by Rs. 4.36 lakhs and miscellaneous expenses by Rs. 2.84 lakhs, among others which was partially offset by decrease in travelling and conveyance expenses by Rs. 17.02 lakhs, telephone expenses by Rs. 2.60 lakhs and insurance expenses by Rs. 2.12 lakhs. Our selling and distribution expenses increased by Rs. 229.93 lakhs due to increase in commission, discount and marketing expenses by Rs. 258.26 lakhs which was partially offset by decrease in advertisement, publicity and sales promotion expenses by Rs. 28.33 lakhs.

#### *Profit before tax*

Our profit before tax increased by 33.13% to Rs. 1,267.45 lakhs for the financial year 2017-18 from Rs. 952.02 lakhs for the financial year 2016-17. The increase was mainly due to the factors described above.

### *Tax expenses*

Our tax benefit for the financial year 2017-18 amounted to Rs. 1.33 lakhs as against benefit of Rs. 1.89 lakhs for the financial year 2016-17 on account of deferred tax. Current tax of Rs. 270.49 lakhs was offset by the same amount of MAT credit entitlement for the financial year 2017-18.

### *Profit after tax*

Due to reasons mentioned above, our profit after tax increased by 33.01% to Rs. 1,268.78 lakhs for the financial year 2017-18 from Rs. 953.91 lakhs for the financial year 2016-17.

### *Other Key Ratios*

The table below summaries key ratios in our Restated Financial Statements for the period ended June 30, 2018 and financial years ended March 31, 2018, 2017 and 2016:

Particulars	For the period ended June 30, 2018	For the year ended March 31,		
		2018	2017	2016
Fixed Asset Turnover Ratio	0.49	2.23	1.69	0.94
Debt Equity Ratio	0.27	0.30	0.49	1.66
Current Ratio	2.32	2.26	2.07	2.39
Inventory Turnover Ratio	0.44	2.64	4.23	5.19

*Fixed Asset Turnover Ratio:* This is defined as revenue from operations divided by total fixed assets excluding capital work in progress and intangible assets, based on Restated Financial Statements.

*Debt Equity Ratio:* This is defined as total debt divided by total shareholder funds. Total debt is the sum of long-term borrowings, short-term borrowings and current maturities of long term debt, based on Restated Financial Statements.

*Current Ratio:* This is defined as current assets divided by current liabilities, based on Restated Financial Statements.

*Inventory Turnover Ratio:* This is defined as revenue from operations divided by average inventory. Average inventory is computed by dividing the sum of opening inventory and closing inventory by two, based on Restated Financial Information.

### *Cash Flow*

The table below summaries our cash flows from our Restated Financial Information for the financial years 2018, 2017 and 2016:

(Rs. in lakhs)

Particulars	For the Period ended June 30, 2018	For the year ended March 31,		
		2018	2017	2016
Net cash (used in)/ generated from operating activities	100.14	529.69	227.64	304.49
Net cash (used in)/ generated from investing activities	(0.59)	(516.82)	(140.35)	(0.19)
Net cash (used in)/ generated from financing activities	(68.24)	9.67	(94.96)	(291.28)
Net increase/ (decrease) in cash and cash equivalents	31.31	22.54	(7.66)	(13.02)
Cash and Cash Equivalents at the beginning of the period	29.51	6.98	14.64	1.61
Cash and Cash Equivalents at the end of the period	60.82	29.51	6.98	14.64

## ***Operating Activities***

*For the period ended June 30, 2018*

Our net cash generated from operating activities was Rs. 100.14 lakhs for the period ended June 30, 2018. Our operating profit before working capital changes was Rs. 311.09 lakhs for the period ended June 30, 2018 which was primarily adjusted by decrease in inventories by Rs. 24.20 lakhs, increase in trade receivables by Rs. 222.18 lakhs, increase in non-current assets by Rs. 62.72 lakhs, decrease in short term loans and advances by Rs. 2.24 lakhs, decrease in trade payables by Rs. 0.95 lakhs, decrease in other current liabilities by Rs. 89.85 lakhs and increase in short term provisions by Rs. 138.26 lakhs.

*Financial year 2017-18*

Our net cash generated from operating activities was Rs. 529.69 lakhs for the financial year 2017-18. Our operating profit before working capital changes was Rs. 1,558.78 lakhs for the financial year 2017-18 which was primarily adjusted by increase in inventories by Rs. 934.46 lakhs, decrease in trade receivables by Rs. 382.59 lakhs, increase in non-current assets by Rs. 366.25 lakhs, increase in short term loans and advances by Rs. 2.68 lakhs, decrease in trade payables by Rs. 423.38 lakhs, decrease in other current liabilities by Rs. 40.58 lakhs and increase in short term provisions by Rs. 355.68 lakhs.

*Financial year 2016-17*

Our net cash generated from operating activities was Rs. 228.86 lakhs for the financial year 2016-17. Our operating profit before working capital changes was Rs. 1,290.20 lakhs for the financial year 2016-17 which was primarily adjusted by increase in inventories by Rs. 667.39 lakhs, increase in trade receivables by Rs. 1,042.65 lakhs, increase in non-current assets by Rs. 154.90 lakhs, increase in short term loans and advances by Rs. 145.72 lakhs, increase in trade payables by Rs. 623.67 lakhs, increase in other current liabilities by Rs. 187.36 lakhs and increase in short term provisions by Rs. 138.29 lakhs.

*Financial year 2015-16*

Our net cash generated from operating activities was Rs. 304.49 lakhs for the financial year 2015-16. Our operating profit before working capital changes was Rs. 618.40 lakhs for the financial year 2015-16 which was primarily adjusted by increase in inventories by Rs. 96.03 lakhs, increase in trade receivables by Rs. 500.53 lakhs, decrease in non-current assets by Rs. 34.30 lakhs, increase in short term loans and advances by Rs. 12.16 lakhs, increase in trade payables by Rs. 211.46 lakhs, increase in other current liabilities by Rs. 23.54 lakhs and increase in short term provisions by Rs. 25.52 lakhs.

## ***Investing Activities***

*For the period ended June 30, 2018*

Net cash used in investing activities was Rs. 0.59 lakh for the period ended June 30, 2018. This was primarily on account of purchase of fixed assets amounting to Rs. 0.96 lakhs which was partially offset by receipt of interest of Rs. 0.38 lakh.

*Financial year 2017-18*

Net cash used in investing activities was Rs. 516.82 lakhs for the financial year 2017-18 This was primarily on account of purchase of fixed assets amounting to Rs. 517.80 lakhs which was partially offset by receipt of interest of Rs. 0.98 lakh.

*Financial year 2016-17*

Net cash used in investing activities was Rs. 140.35 lakhs for the financial year 2016-17. This was primarily on account of purchase of fixed assets amounting to Rs. 139.57 lakhs and increase in non-current investments by Rs. 1.93 lakhs which was partially offset by receipt of interest of Rs. 1.16 lakhs.

*Financial year 2015-16*

Net cash used in investing activities was Rs. 0.19 lakh for the financial year 2015-16. This was primarily on account of purchase of fixed assets amounting to Rs. 0.32 lakhs which was partially offset by receipt of interest of Rs. 0.13 lakh.

## **Financing Activities**

*For the period ended June 30, 2018*

Net cash used in financing activities for the period ended June 30, 2018 was Rs. 68.24 lakhs. This was primarily on account of payment of interest and finance charges of Rs. 32.87 lakhs and decrease in long term borrowings of Rs. 35.37 lakhs.

*Financial year 2017-18*

Net cash flow generated from financing activities for the financial year 2017-18 was Rs. 9.67 lakhs. This was primarily on account of proceeds from issue of share capital (incl. securities premium) of Rs. 165.00 lakhs which was partially offset by payment of interest and finance charges amounting to Rs. 147.87 lakhs and decrease in long term borrowings by Rs. 7.46 lakhs.

*Financial year 2016-17*

Net cash used in financing activities for the financial year 2016-17 was Rs. 94.96 lakhs. This was primarily on account of decrease in long term borrowings by Rs. 300.60 lakhs and payment of interest and other finance charges of Rs. 214.35 lakhs which was partially offset by proceeds from issue of share capital (incl. securities premium) of Rs. 420.00 lakhs.

*Financial year 2015-16*

Net cash used in financing activities for the financial year 2015-16 was Rs. 291.28 lakhs. This was primarily on account of payment of interest and finance charges of Rs. 147.81 lakhs and decrease in long term borrowings of Rs. 143.47 lakhs.

## **Financial Indebtedness**

As on June 30, 2018, the total outstanding borrowings of our Company was Rs. 1,050.91 lakhs which included long-term borrowings of Rs. 798.87 lakhs and current maturities of long term borrowings of Rs. 252.04 lakhs. For further details, refer chapter titled “*Financial Indebtedness*” beginning on page 248 of this Red Herring Prospectus.

*(Rs. in lakhs)*

<b>Particulars</b>	<b>As at June 30, 2018</b>
<b>Long Term Borrowings(A)</b>	
<i>Secured Loans from Banks</i>	
- Term Loans	651.62
- Vehicle Loans	107.76
<i>Unsecured Loans</i>	
- From Related Parties	26.74
- Inter Corporate Deposits	12.75
<b>Sub Total (A)</b>	<b>798.87</b>
<b>Current Maturities of Long Term Borrowings (B)</b>	<b>252.04</b>
<b>Total (A)+(B)</b>	<b>1,050.91</b>

In the event, any of our lenders declare an event of default, such current and any future defaults could lead to acceleration of our repayment obligations, termination of one or more of our financing agreements or force us to sell our assets, any of which could adversely affect our business, results of operations and financial condition.

## **Related Party Transactions**

Related party transactions with certain of our promoters, directors and their entities and relatives primarily relates to remuneration, interest & rent payable, loans & advances given and taken and Issue of Equity Shares. For further details of such related parties under AS-18, refer chapter titled “*Financial Statements*” beginning on page 200 of this Red Herring Prospectus.

### ***Contingent Liabilities***

The following table sets forth our contingent liabilities as of March 31, 2018 and March 31, 2017:

(Rs. in Lakhs)

<b>Particulars</b>	<b>As on March 31, 2018</b>	<b>As on March 31, 2017</b>
With respect to Income Tax Matters	10.65	10.65
With respect to Commercial Tax Matters	136.24	136.24
<b>Total</b>	<b>146.89</b>	<b>146.89</b>

It is not practical for our Company to estimate the timings of cash outflow, if any in respect of above mentioned contingent liabilities. For further details, refer chapter titled “*Financial Statements*” beginning on page 200 of this Red Herring Prospectus.

### ***Off-Balance Sheet Items***

We do not have any other off-balance sheet arrangements, derivative instruments or other relationships with any entity that have been established for the purposes of facilitating off-balance sheet arrangements.

### ***Qualitative Disclosure about Market Risk***

#### **Financial Market Risks**

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk. We are exposed to interest rate risk, inflation and credit risk in the normal course of our business.

#### **Interest Rate Risk**

Our financial results are subject to changes in interest rates, which may affect our debt service obligations and our access to funds.

#### **Effect of Inflation**

We are affected by inflation as it has an impact on the raw material cost, wages, etc. In line with changing inflation rates, we rework our margins so as to absorb the inflationary impact.

#### **Credit Risk**

We are exposed to credit risk on monies owed to us by our customers. If our customers do not pay us promptly, or at all, we may have to make provisions for or write-off such amounts.

#### **Reservations, Qualifications and Adverse Remarks**

Except as disclosed in chapter titled “*Financial Statements*” beginning on page 200 of this Red Herring Prospectus, there have been no reservations, qualifications and adverse remarks.

#### **Details of Default, if any, Including Therein the Amount Involved, Duration of Default and Present Status, in Repayment of Statutory Dues or Repayment of Debentures or Repayment of Deposits or Repayment of Loans from any Bank or Financial Institution**

Except as disclosed in chapter titled “*Financial Statements*” beginning on page 200 of this Red Herring Prospectus, there have been no defaults in payment of statutory dues or repayment of debentures and interest thereon or repayment of deposits and interest thereon or repayment of loans from any bank or financial institution and interest thereon by the Company.

#### **Material Frauds**

There are no material frauds, as reported by our statutory auditor, committed against our Company, in the last five Fiscals.

### **Unusual or Infrequent Events or Transactions**

During the FY 2013-14, due to a major flood in the state of Uttarakhand our manufacturing activity at our sole facility at Rudrapur was affected adversely. Except this and as described elsewhere in this Red Herring Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

### **Significant Economic Changes that Materially Affected or are Likely to Affect Income from Continuing Operations**

Indian rules and regulations as well as the overall growth of the Indian economy have a significant bearing on our operations. Major changes in these factors can significantly impact income from continuing operations.

There are no significant economic changes that materially affected our Company's operations or are likely to affect income from continuing operations except as described in chapter titled "*Risk Factors*" beginning on page 28 of this Red Herring Prospectus.

### **Known Trends or Uncertainties that have had or are expected to have a Material Adverse Impact on Sales, Revenue or Income from Continuing Operations**

Other than as described in the section titled "*Risk Factors*" beginning on page 28 of this Red Herring Prospectus and in this chapter, to our knowledge there are no known trends or uncertainties that are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

### **Future Changes in Relationship between Costs and Revenues, in Case of Events Such as Future Increase in Labour or Material Costs or Prices that will Cause a Material Change are known**

Other than as described in chapter titled "*Risk Factors*" beginning on page 28 of this Red Herring Prospectus and in this section, to our knowledge there are no known factors that might affect the future relationship between cost and revenue.

### **Extent to which Material Increases in Net Sales or Revenue are due to Increased Sales Volume, Introduction of New Products or Services or Increased Sales Prices**

Changes in revenue in the last three financial years are as explained in the part "*Financial Year 2017-18 compared with financial year 2016-17 and Financial Year 2016-17 Compared With Financial Year 2015-16*" above.

### **Competitive Conditions**

We have competition with Indian and international manufacturers and our results of operations could be affected by competition in the pharmaceutical and nutraceutical industry in India and international market in the future. We expect competition to intensify due to possible new entrants in the market, existing competitors further expanding their operations and our entry into new markets where we may compete with well-established unorganized companies / entities. This we believe may impact our financial condition and operations. For details, please refer to the chapter titled "*Risk Factors*" beginning on page 28 of this Red Herring Prospectus.

### **Increase in income**

Increases in our income are due to the factors described above in in this chapter under "*Significant Factors Affecting Our Results of Operations*" and chapter titled "*Risk Factors*" beginning on page 28 of this Red Herring Prospectus.

### **Status of any Publicly Announced New Products or Business Segments**

Except as disclosed elsewhere in the Red Herring Prospectus, we have not announced and do not expect to announce in the near future any new products or business segments.

### Significant Dependence on a Single or Few Customers

Significant proportion of our revenues have historically been derived from a limited number of customers. The % of Contribution of our Company's customer *vis a vis* the total revenue from operations and the % of contribution of our Company's supplier *vis a vis* the cost of material consumed for the period ended June 30, 2018 and year ended March 31, 2018 are as follows:

Particulars	Suppliers		Customers	
	June 30, 2018	March 31, 2018	June 30, 2018	March 31, 2018
Top 5 (%)	40.50	21.88	29.10	20.96
Top 10 (%)	55.44	31.33	36.86	26.51

### Seasonality of Business

The nature of our business is not seasonal.



## FINANCIAL INDEBTEDNESS

Our Company utilizes various credit facilities from banks and others for conducting its business. Set forth is a brief summary of our Company's secured and unsecured borrowings as on June 30, 2018 together with a brief description of certain significant terms of such financing arrangements.

### SECURED BORROWINGS

#### 1. Loan of Rs. 992.00 Lakhs from Oriental Bank Of Commerce as per Sanction letter dated February 19, 2010

(Rs. in Lakhs)

Particulars						
Nature of facility	Sanctioned Amount	Rate Of Interest	Repayment	Margin	Security	Outstanding as on June 30, 2018
<b>A) Fund based limits :</b>						
Term Loan	992.00	13.00% with Monthly rests	72 EMI	25%	<ul style="list-style-type: none"> <li>Equitable mortgage of factory land &amp; building situated at Plot No. 13, Sector – 3, Industrial Estate, I.I.E. Pantnagar, Vill. Kalyanpur, Teh. Kichha, Dist. U.S.Nagar</li> <li>Hypothecation of domestic and imported machineries proposed to purchase as per performance invoice submitted by the party</li> </ul>	852.75
Letter of Credit (Sub Limit of Term Loan)	(100.00)					
<b>Sub Total</b>	<b>992.00</b>					
<b>B) Non Fund based limits : NA</b>						
<b>Sub Total</b>	<b>NA</b>					
<b>TOTAL</b>	<b>992.00</b>					
<b>Collateral Security</b>						
➤ <b>Personal Guarantee</b>	Shri Minto Purshotam Gupta Smt. Meenakshi Gupta					
➤	Hypothecation of all other fixed assets (excluding land & building) of the firm present & future.					

#### **Key Restrictive Covenants:**

During the currency of the Bank's credit facilities, the firm will not, without the Bank's prior permission in writing:

- 1) Effect any change in the firm's capital structure.
- 2) Implement any scheme of expansion / modernization / diversification / renovation or acquire any fixed assets during any accounting year, except under such schemes which have already been approved by the Bank.
- 3) Formulate any scheme of amalgamation or reconstruction.

- 4) Invest by way of share capital or lend or advance funds to or place deposits with any other concern except normal trade credit or security deposits in the normal course of business or advances to employees.
- 5) Enter into borrowing arrangements either secured or unsecured with any other bank, Financial Institution, company or person.
- 6) Undertake guarantee obligations on behalf of any other company, firm or person.
- 7) Effect any drastic change in their management setup without the bank's prior permission.
- 8) Pay guarantee commission to the guarantors whose guarantees have been stipulated /furnished for the credit limits sanctioned by the Bank.
- 9) Create any further charge, lien or encumbrance over the assets and properties of the firm to be charged to the Bank in favour of any other bank, Financial Institution, firm or person.

**2. Loan of Rs. 69.00 Lakhs from Axis Bank Limited as per Sanction letter dated March 17, 2017**

Nature of Facility	Auto Loan
Loan Amount	Rs. 69.00 Lakhs
Rate of Interest	9.15%
EMI Amount	Rs.1,43,735.00
Security	Secured by hypothecation of Vehicle under Loan
Tenor	60 Monthly Installments
Amount Outstanding as on June 30, 2018	Rs. 55.92 Lakhs

**3. Loan of Rs. 52.13 Lakhs from HDFC Bank Limited as per Sanction letter dated May 18, 2017**

Nature of Facility	Auto Premium Loan
Loan Amount	Rs. 52.13 Lakhs
Rate of Interest	10.01%
EMI Amount	Rs.1,10,787.00
Security	Secured by hypothecation of Vehicle under Loan
Tenor	60 Monthly Installments
Amount Outstanding as on June 30, 2018	Rs. 43.29 Lakhs

**4. Loan of Rs. 85.00 Lakhs from Kotak Mahindra Prime Limited as per Sanction letter dated May 23, 2017**

Nature of Facility	Car Finance
Loan Amount	Rs. 85.00 Lakhs
Rate of Interest	8.34%
EMI Amount	Rs.2,67,708.00
Security	Secured by hypothecation of Vehicle under Loan
Tenor	36 Monthly Installments
Amount Outstanding as on June 30, 2018	Rs. 59.46 Lakhs

## UNSECURED BORROWING

1. The details of unsecured loan outstanding as on June 30, 2018 are as follows:

Sr.No.	Name of Lender	Loan Amount (in Lakhs)
<b>Unsecured Borrowing from Directors and others</b>		
1.	Minto Purshotam. Gupta	11.19
2.	Speciality Research & Life Sciences	5.55
3.	Yezdi Jal Batliwal	10.00
<b>Inter Corporate Deposit</b>		
4.	Value worth Capital management Pvt Ltd.	12.75

As on the date of Red Herring Prospectus, our company has not defaulted in respect of payment of interest and/or principal amount to the debenture / bonds / fixed deposit holders, banks, financial institutions by the applicant, Promoters/promoting company (ies), group companies, companies promoted by the promoters/ promoting company (ies) during the last three years.

## SECTION VII – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except, as stated in this section and mentioned elsewhere in this Red Herring Prospectus there are no litigations including, but not limited to suits, criminal proceedings, civil proceedings, actions taken by regulatory or statutory authorities or legal proceedings, including those for economic offences, tax liabilities, show cause notice or legal notices pending against our Company, Directors, Promoters, Group Companies or against any other company or person/s whose outcomes could have a material adverse effect on the business, operations or financial position of the Company and there are no proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of our Company, and no disciplinary action has been taken by SEBI or any stock exchange against the Company, Directors, Promoters, Subsidiaries or Group Companies.

Except as disclosed below there are no i) litigation or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against our Promoters during the last five years; (ii) direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (iii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues by our Company; (v) inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies law in the last five years against our Company and Subsidiaries including fines imposed or compounding of offences done in those five years; or (vi) material frauds committed against our Company in the last five years.

Except as stated below there are no Outstanding Material Dues (as defined below) to creditors; or (ii) outstanding dues to small scale undertakings and other creditors.

Our Board, in its meeting held on September 20, 2018 determined that outstanding dues to creditors in excess of Rs. 5.00 lakhs as per last audited financial statements shall be considered as material dues (“Material Dues”).

Pursuant to SEBI ICDR Regulations, all other pending litigations except criminal proceedings, statutory or regulatory actions and taxation matters involving our Company, Promoters, Directors and Group Companies, would be considered ‘material’ for the purposes of disclosure if the monetary amount of claim by or against the entity or person in any such pending matter exceeds Rs.2.00 lakhs as determined by our Board, in its meeting held on September 20, 2018.

Accordingly, we have disclosed all outstanding litigations involving our Company, Promoters, Directors and Group Companies which are considered to be material. In case of pending civil litigation proceedings wherein the monetary amount involved is not quantifiable, such litigation has been considered ‘material’ only in the event that the outcome of such litigation has an adverse effect on the operations or performance of our Company.

Unless otherwise stated to contrary, the information provided is as of date of this Red Herring Prospectus.

### **OUTSTANDING TAXATION MATTERS INVOLVING OUR COMPANY, DIRECTORS, PROMOTERS, SUBSIDIARIES AND GROUP COMPANIES**

Nature of Case	Number of Cases	Outstanding Amount (in lakhs)
<b><i>Company</i></b>		
Direct Tax	2	9,32,611
Indirect Tax	Nil	NA
<b><i>Directors (other than Promoters)</i></b>		
Direct Tax	4	1,53,079
Indirect Tax	Nil	NA
<b><i>Promoters</i></b>		

Direct Tax		
Indirect Tax	Nil	NA
<b><i>Group Companies</i></b>		
Direct Tax		
Indirect Tax	Nil	NA

## **OTHER MATERIAL LITIGATIONS**

### **LITIGATIONS AGAINST OUR COMPANY**

#### **Criminal Litigations**

Nil

#### **Civil Proceedings**

Nil

#### **Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

#### **Proceedings against Our Company for economic offences/securities laws/ or any other law**

Nil

#### **Penalties in Last Five Years**

Nil

#### **Pending Notices against our Company**

Nil

#### **Past Notices to our Company**

Nil

#### **Disciplinary Actions taken by SEBI or stock exchanges against Our Company**

Nil

#### **Defaults including non-payment or statutory dues to banks or financial institutions**

Nil

#### **Details of material frauds against the Company in last five years and action taken by the Companies.**

Nil

### **LITIGATIONS FILED BY OUR COMPANY**

#### **Criminal Litigations**

Nil

#### **Civil Proceedings**

#### **COMPOUNDING APPLICATION FILED BY DECCAN HEALTH CARE LIMITED BEFORE NATIONAL COMPANY LAW TRIBUNAL, HYDERABAD**

Deccan Health Care Limited (the “**Company**”) on February 25, 2018 i.e. during Financial Year 2017-18, issued securities through private placement in compliance with Part II, Chapter III of the Companies Act, 2013 (the “**Act**”). The proviso to Section 42(6) of the Act prescribes that the monies received towards application for private placement to be kept in a separate bank account in a scheduled bank. The Company complied with all the requisite statutory compliances under all the applicable laws including filing of a complete list of all the allottees with their full names, addresses, number of

securities allotted etc. However, the Company inadvertently did not open a separate bank account but adjusted the monies towards allotment of securities. In order to comply with the said proviso to Section 42(6) the Company has filed a Compounding Application dated December 06, 2018 bearing Company Petition No. 10347 of 2018 before the Registrar of Companies, Hyderabad. The matter is currently pending.

#### **Taxation Matters**

Nil

#### **Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

#### **Details of any enquiry, inspection or investigation initiated under Companies Act, 2013 or any previous Company Law**

Nil

### **LITIGATIONS AGAINST DIRECTOR/S OF OUR COMPANY**

#### **Criminal Litigations**

#### **1. MEENAKSHI GUPTA V STATE OF TELENGANA**

A First Information Report reference no. 753/2015 was filed by Anchal Kumar (hereinafter referred to as “the Complainant”) against Meenakshi Gupta, Minto Purshottam Gupta (hereinafter referred to as “Accused 1” and “Accused 2” and collectively referred to as “Accuseds”) and others dated October 5, 2015 under sections 406, 420, 468, 120B and 34 of the Indian Penal Code, 1860 was filed before Banjara Hills Police Station which was later transferred to Hyderabad Police station and renumbered FIR 261/2015. The Complainant claimed that the Accuseds’ fraudulently tricked her and her family into investing an amount around INR 2.6 crores in a company (M/s Omega Herbs Pvt. Ltd.) wherein Accuseds’ children were directors. The Complainant further alleged that the Accuseds’ cheated her and her family by making false promises of high return on her investment. Also, postdated cheques issued to the Complainant and other investors were also dishonored. The Complainant also alleged that a company owned by the Accuseds’, Mintokashi Associates, brought large number of shares in Omega Herbs without its shareholders’ consent. Further, a private complaint CC No. 72 of 2015 was filed by one Vijayalakshmi Sinha against the Accused 1 under section 138 of Negotiable Instrument Act, 1881 before the Chief Metropolitan Magistrate, Secunderabad for dishonourment of cheque. Subsequent to this, vide a criminal petition 392 of 2018 dated January 29, 2018, the Accuseds were granted anticipatory bail in the matter. The matter is currently pending.

#### **2. MEENAKSHI GUPTA V. STATE OF WEST BENGAL AND ANR.**

A First Information Report reference no. 133/2016 was filed by Praggya Jaiswal (hereinafter referred to as “the Complainant”) against Meenakshi Gupta (hereinafter referred to as “the Accused”) and others (the Accused’s family) dated September 26, 2016 under section 498A, 406, 326 and 34 of the Indian Penal Code, 1860 and section 3 and 4 of Dowry Prohibition Act 1961 before the Ballygunge Police Station. The Complainant claimed that the Accused and her family subjected her to inhumane physical violence in connection with demand of more dowry in addition to the articles already acquired from the Complainant’s family amounting to INR 10 crores. The case was presented before the Chief Judicial Magistrate of Alipore (“CJM”) and numbered CGR 4431 of 2016. Subsequently, an order dated September 14, 2017 was passed which allowed the investigating officer to search and seize the articles in the bank locker of the Accused. The Accused along with her husband, Minto Purshottam Gupta, who is also the promoter of the Company then filed a revisional application, CRR 3929 before the Calcutta High Court on December 1, 2017 under section 482 read with section 401 of the code of Criminal Procedure, 1973 to quash the proceedings of the matter CGR 4431. As a result, a stay order for 10 weeks was granted. Also, an application to quash the order of September 14, 2017 was made by the Accused which was later withdrawn by an order CRR 3930 with the liberty to file the same on self-same cause of action. The matter is currently pending.

## **Civil Proceedings**

Nil

## **Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

## **Past Penalties imposed on our Directors**

Nil

## **Proceedings initiated against our directors for Economic Offences/securities laws/ or any other law**

Nil

## **Directors on list of wilful defaulters of RBI**

Nil

## **Proceedings initiated against our Directors for Fugitive Economic Offence under Fugitive Economic Offender Act, 2018**

Nil

## **LITIGATIONS FILED BY DIRECTOR/S OF OUR COMPANY**

### **Criminal Litigations**

#### **MEENAKSHI GUPTA V. HDFC BANK AND ANR.**

Meenakshi Gupta (hereinafter referred to as “the Petitioner”) filed a Writ Petition bearing number 15712 of 2018 against HDFC Bank and Praggya Jaiswal (hereinafter referred to as “the Respondent 1” and “the Respondent 2”) before the High Court of Hyderabad under Article 226 of the Constitution of India. The Petitioner submitted that the Respondent 1 forbid her to operate her bank locker bearing no. 252 pursuant to the order of CJM dated September 14, 2017 as mentioned in the case number 2 of the heading “Litigation Against Our Directors”. The Accused further submitted that this action of the Bank was illegal, unjust, contrary to law and in violation of Article 14 and 19 of the Constitution of India and also the rules and regulations of the Reserve Bank of India. In the interim, by an interim application no. I.A. 1 of 2018 in W.P. 15712 on May 10 2018, the High Court of Hyderabad permitted the Accused to operate the locker for 4 days. The Complainant challenged the order in a Writ Appeal number 868 of 2018 which was dismissed on June 28, 2018. The matter is currently pending.

### **Civil Proceedings**

#### **MEENAKSHI GUPTA; MINTO PURSHOTTAM GUPTA V. UNION OF INDIA; REGISTRAR OF COMPANIES**

Minto Purshottam Gupta and Meenakshi Gupta (hereinafter individually referred to as “Petitioner No.1” and “Petitioner No. 2” respectively and collectively referred to as “the Petitioners”) filed a Writ Petition bearing reference no. 36541 of 2017 against Union of India and Registrar of Companies (hereinafter individually referred to as “Respondent No.1 and “Respondent No. 2” respectively and collectively referred to as “the Respondents”) before the Hyderabad High Court (hereinafter referred to as “the Court”) dated October 31, 2017 under Article 226 of Constitution of India (hereinafter referred to as “the Constitution”). The Petitioners are also directors in a Company called “Mintokashi Associates & Investments Private Limited”. The name of the said Company had been struck off under the provisions of Section 248 of the Companies Act, 2013 (hereinafter referred to as “the Act”) by Respondent No.2. Respondent No. 1 herein on September 06, 2017 and September 12, 2017, issued the impugned notices vide which they released a list of disqualified directors who have been disqualified Section 164(2)(a) of the Act as directors with effect from November 01, 2016. The Petitioners’ names also appeared in the aforesaid mentioned list for non-filing of statutory documents of Mintokashi Associates & Investments Private Limited. The aforesaid mentioned Writ is filed by the Petitioners on the ground

that the disqualification marked under section 164(2) (a) of the Act is unconstitutional and in violation of fundamental and statutory rights. The Court passed an order dated November 16, 2017 wherein it stated that removal of DIN or denial of access to Petitioners to file returns due on October 30, 2017 or November 30, 2017 needs examination, and hence, directed the Respondents to restore the DIN numbers of the Petitioners to enable them to file annual returns for the year 2014-2015-2016-2017. The matter is currently pending.

### **Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

### **LITIGATIONS INVOLVING PROMOTER/S OF OUR COMPANY**

Mr. Minto Purshottam Gupta is a Director as well as Promoter of the Company, for litigations pertaining to him, kindly refer the headings "LITIGATIONS FILED AGAINST DIRECTOR/S OF OUR COMPANY" and "LITIGATIONS FILED BY DIRECTOR/S OF OUR COMPANY".

### **LITIGATIONS AGAINST OUR PROMOTER/S**

#### **Criminal Litigation**

#### **HITESH PATEL V. SRI G SATYANARAYANA**

A First Information Report bearing reference no. 75/2016 was filed by M/s Quantum Buildtech Ltd. and G. Satyanarayana (hereinafter referred to as "the Complainants") against Hitesh Patel (hereinafter referred to as "the Accused") and few others dated March 19, 2016 under Sections 420, 406, 467, 468, 471 read with Section 120(B) of Indian Penal Code before the Hyderabad Central Crime Station. The Complainants claimed that the Accused acted in collusion with certain other persons and illegally traded in their accounts and made false claims with help of forged documents. The Complainants urged to the Hon'ble Court to forward the aforesaid mentioned complaint to the Central Crime Station, Detective Department, for investigation and report under Section 156(3) of the Criminal Procedure Code. Subsequently, the Central Crime Station, Detective Department (hereinafter referred to as "the Department") conducted an investigation and the Accused had admitted his guilt of committing the offence. The confessional statement of the Accused was recorded on May 24, 2016. On May 25, 2016, the Department established that the Accused had committed an offence punishable under Section 420, 406, 467, 468, 471 read with Section 120(B) of Indian Penal Code and was produced before the Court with a prayer to remand to Judicial Custody for a period of 14 days to enable the Investigating Officer to complete investigation. Hence, the Accused had filed CrI. M.P. No. 2203 of 2016 in Crime No. 75 of 2016 against the State, through P.S. CCS, Hyderabad (hereinafter referred to as "the Respondent") dated May 25, 2016 under Section 437 of the Criminal Procedure Code before the Court of Hon'ble XII Additional Chief Metropolitan Magistrate at Hyderabad (hereinafter referred to as "the Court"). The Accused submitted that it was his first bail application and claimed that the Respondent had falsely implicated him and got him arrested and produced before Court and was remanded to judicial custody. A second bail application was made by the Accused under the same matter dated May 30, 2016. The Court passed an order dated May 30, 2016, granting bail to the accused on executing a personal bond of Rs. 50,000/-. The matter is currently pending.

Meanwhile, the wife of the Accused, Ms. Bhavna Patel filed a Writ Petition before the Hon'ble High Court of Bombay bearing reference no.1935 of 2016 dated May 30, 2016 against Mr. P. Harinath Babu; Sr. Inspector of Police and State of Maharashtra. It was urged by her that Mr. P. Harinath Babu in connivance with Sr. Inspector of Police had acted unconstitutionally and illegally and forcibly took her husband, the Accused to Hyderabad without following the due process of law. Ms. Bhavna Patel sought compensation from Mr. P. Harinath Babu; Sr. Inspector of Police and State of Maharashtra as relief. The matter is currently pending.

#### **Civil Proceedings**

#### **HITESH PATEL AND OTHERS V. SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI)**



An Adjudication order bearing reference no. EAD/BJD/BKM/45-49/2017-18 (hereinafter referred to as “Impugned Order”) was passed by the Securities and Exchange Board of India (hereinafter referred to as “the Board”) under Section 15-I of the Securities and Exchange Board of India Act, 1992 (hereinafter referred to as “the Act”) read with Rule 5 of SEBI (Procedure for Holding Inquiry and Imposing Penalties By Adjudicating Officer) Rules, 1995 against Hitesh Patel (hereinafter referred to as “the Appellant”). It was held that the Appellant, with Vijay Patel, Bhavna Patel, Dimple Patel and Vipul Patel (hereinafter collectively referred to as “the Noticees”) dealt in the scrip of Shreeyash Industries Limited (Now known as Nutricircle Limited) (hereinafter referred to as “the Company”), in a fraudulent and manipulative manner, by indulging in synchronized trades, thereby, creating artificial volumes and price which gave a false and misleading appearance of trading in the scrip of the Company. The Board therefore, initiated adjudication proceedings against the Appellant and the Noticees for the alleged violation of the provisions of Regulations 3(a), (b), (c), (d), 4(1) and 4(2)(a) & (g) SEBI (Prohibition of Fraudulent and Unfair Trade Practices relation to the Securities Market) Regulations, 2003 (hereinafter referred to as “the PFUTP Regulations”).

A common Show Cause Notice, bearing reference no. EAD-5/ADJ/SVKM/HKS/OW/P/2461/1-5/2016 dated January 29, 2016 was issued to the Noticees and the Appellant under Rule 4 of SEBI Adjudication Rules to show cause as to why an inquiry be not held against it in terms of Rule 4 of the Adjudication Rules and penalty shall not be imposed under Section 15 HA of the Act for the violations alleged to have been committed by the Noticees and the Appellant. The Noticees and the Appellant vide their letters dated March 30, 2016 and May 09, 2016 have submitted their replies to the Show Cause Notice. The abovementioned impugned order imposed a **penalty of Rs. 10,00,000/-** on the Appellant under Penal provisions as per the Act.

The Appellant has filed an appeal against the impugned order before the Securities Appellate Tribunal. The matter is currently pending.

**Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

**Past Penalties imposed on our Promoters**

Nil

**Proceedings initiated against our Promoters for Economic Offences/securities laws/ or any other law**

Nil

**Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Promoter in last five years**

Nil

**Penalties in Last Five Years**

Nil

**Litigation /defaults in respect of the companies/Firms/ventures/ with which our promoter was associated in Past.**

Nil

**Adverse finding against Promoter for violation of Securities laws or any other laws**

Nil

**Proceedings initiated against our Promoters for Fugitive Economic Offence under Fugitive Economic Offender Act, 2018**

Nil

**LITIGATIONS FILED BY OUR PROMOTER/S**

**Criminal Litigations**

Nil

**Civil Proceedings**

Nil

**Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

**LITIGATIONS AGAINST OUR GROUP COMPANY****Criminal Litigations**

Nil

**Civil Proceedings**

Nil

**Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

**Past Penalties imposed on our Group Company**

Nil

**Proceedings initiated against our Group Company for Economic Offences/securities laws/ or any other law**

Nil

**Litigation /Legal Action pending or taken by Any Ministry or any statutory authority against any Group Company**

Nil

**Adverse finding against Group Company for violation of Securities laws or any other laws**

Nil

**LITIGATIONS FILED BY OUR GROUP COMPANY****Criminal Litigations**

Nil

**Civil Proceedings**

Nil

**Recent Development/Proceeding under Finance Act, 2016 in respect of Income Declaration Scheme, 2016 and The Income Declaration Scheme Rules, 2016**

Nil

**LITIGATIONS INVOLVING OUR SUBSIDIARY COMPANIES**

As on date of this Red Herring prospectus, our company does not have any subsidiary.

**OTHER MATTERS**

Nil

**DETAILS OF ANY INQUIRY, INSPECTION OR INVESTIGATION INITIATED UNDER PRESENT OR PREVIOUS COMPANIES LAWS IN LAST FIVE YEARS AGAINST THE COMPANY OR ITS SUBSIDIARIES**

Nil

**OUTSTANDING LITIGATION AGAINST OTHER COMPANIES OR ANY OTHER PERSON WHOSE OUTCOME COULD HAVE AN ADVERSE EFFECT ON OUR COMPANY**

Nil

**OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS**

As of June 30, 2018, our Company had 146 creditors, to whom a total amount of Rs. 493.88 lakhs was outstanding. As per the requirements of SEBI Regulations, our Company, pursuant to a resolution of our Board dated September 20, 2018, considered creditors to whom the amount due exceeds Rs. 5.00 lakhs as per our Company's restated financials for the purpose of identification of material creditors. Based on the above, the following are the material creditors of our Company.

<b>Name of the Creditor</b>	<b>Amount (Rs) in Lakhs</b>
Doshi Pharmaceutical	75.22
Asj Trading	65.88
Dhara Chemicals	18.62
Indo Pack Ltd.	17.78
Bhopal Glues & Chemical P Ltd.	16.85
Saran Biotech	16.74
N.S Packaging	14.12
Shreeji Pharma Chem	14.01
Kuber Pharma Chemi Solutions	13.74
Laxmi Print N Pack	13.70
Graphix Arts	13.46
Shree Krishna Packaging	12.43
Shivam Print Packaging	12.15
A G Aromatics Private Limited	11.00
Polyfab Technologies	10.82
Anthem Bioscience Pvt Ltd	10.62
Shreedha Phyto Extracts,	10.54
Herbal Creation	10.18
Aditya Enterprises	9.77
Nectafresh Agro Foods	9.05
Assure Industries	8.45
Primus Pharmaceuticals	7.04
North India Pharma Pvt Ltd	6.58
Shivay Packaging	6.56
Darbari Enterprises	6.06
Alutech Packaging Pvt Ltd	5.65
P. K. Print	5.59
Balaji Plastic Industries	5.15
Om Pharmaceuticals	5.10

Further, none of our creditors have been identified as micro enterprises and small scale undertakings by our Company based on available information. For complete details about outstanding dues to creditors of our Company, please see website of our Company [www.deccanhealthcare.co.in](http://www.deccanhealthcare.co.in)

Information provided on the website of our Company is not a part of this Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website, [www.deccanhealthcare.co.in](http://www.deccanhealthcare.co.in) would be doing so at their own risk.

## **GOVERNMENT AND OTHER STATUTORY APPROVALS**

Our Company has received the necessary consents, licenses, permissions, registrations and approvals from the Government/RBI, various Government agencies and other statutory and/ or regulatory authorities required for carrying on our present business activities and except as mentioned under this heading, no further material approvals are required for carrying on our present business activities. Our Company undertakes to obtain all material approvals and licenses and permissions required to operate our present business activities. Unless otherwise stated, these approvals or licenses are valid as of the date of this Red Herring Prospectus and in case of licenses and approvals which have expired; we have either made an application for renewal or are in the process of making an application for renewal. In order to operate our business of developing, manufacturing and marketing wellness products, we require various approvals and/ or licenses under various laws, rules and regulations. For further details in connection with the applicable regulatory and legal framework, please refer chapter “Key Industry Regulations and Policies” on page 156 of this Red Herring Prospectus.

The Company has its business located at:

**Registered Office and Corporate Office:** 247, 2nd Floor, Dwarakapuri Colony, Punjagutta, Hyderabad - 500 082, Telangana.

**Manufacturing Unit:** Plot No. 13, Sector-3, IIE - Sidcul Pantnagar, U.S.Nagar - 263 153, Uttarakand.

The objects clause of the Memorandum of Association enables our Company to undertake its present business activities. The approvals required to be obtained by our Company include the following:

### **APPROVALS FOR THE ISSUE**

#### **Corporate Approvals:**

1. The Board of Directors have, pursuant to Section 62(1)(c) of the Companies Act 2013, by a resolution passed at its meeting held on August 05, 2018, authorized the Issue, subject to the approval of the shareholders and such other authorities as may be necessary.
2. The shareholders of the Company have, pursuant to Section 62(1)(c) of the Companies Act 2013, by a special resolution passed in the Annual General Meeting held on September 20, 2018 authorized the Offer.

#### **Approval from Selling Shareholders:**

The selling shareholders have consented to participate in the offer in the following manner:

- Hitesh Patel has consented to participate in the Offer for Sale by offering 14,00,000 Equity Shares vide authorization letter dated September 19, 2018;
- Meenakshi Gupta has consented to participate in the Offer for Sale by offering 6,00,000 Equity Shares vide authorization letter dated September 19, 2018.

#### **In- principle approval from the Stock Exchange**

We have received in-principle approvals from the stock exchange for the listing of our Equity Shares pursuant to letter dated December 07, 2018 bearing reference no. DCS/SME IPO/PP/IP/1132/2018-19.

#### **Agreements with NSDL and CDSL**

1. The Company has entered into an agreement dated August 11, 2017 with the Central Depository Services (India) Limited (“CDSL”) and the Registrar and Transfer Agent, who in this case is, Bigshare Services Private Limited for the dematerialization of its shares.
2. Similarly, the Company has also entered into an agreement dated January 10, 2017 with the National Securities Depository Limited (“NSDL”) and the Registrar and Transfer Agent, who in this case is Bigshare Services Private Limited for the dematerialization of its shares.
3. The Company's International Securities Identification Number (“ISIN”) is INE452W01019.

## **INCORPORATION AND OTHER DETAILS**

1. The Certificate of Incorporation dated June 14, 1996 issued by the Registrar of Companies, Andhra Pradesh, Hyderabad, in the name of DECCAN HEALTH CARE LIMITED”.
2. Fresh Certificate of Incorporation Consequent upon Conversion from Public Company to Private Company issued on June 12, 2009 by the Registrar of Companies, Andhra Pradesh in the name of “DECCAN HEALTH CARE PRIVATE LIMITED”.
3. Fresh Certificate of Incorporation Consequent upon Conversion from Private Company to Public Company issued on August 31, 2017 by the Registrar of Companies, Hyderabad in the name of “DECCAN HEALTH CARE LIMITED”.
4. The Corporate Identification Number (CIN) of the Company is U72200TG1996PLC024351

**APPROVALS/LICENSES RELATED TO OUR BUSINESS ACTIVITIES**

We require various approvals and/ or licenses under various rules and regulations to conduct our business. Some of the material approvals required by us to undertake our business activities are set out below:

Sr. No.	Description	Authority	Registration No./ Reference No./ License No.	Date of Issue	Date of Expiry
1	Certificate of Importer-Exporter Code (IEC)	Foreign Trade Development Officer, Office of Jt. Director General of foreign Trade, Government of India	IEC Number: 0998001520	Date of issue of IEC no.: May 28, 1998  Date of issue of Certificate: September 27, 2011	In case of name change or address change, IEC holder shall cease to be eligible to Import or Export after expiry of 90 days from the date such a change happens unless changes notified to Licensing Authority.
2	Entrepreneurs Memorandum for setting micro, small and medium Enterprises Unit-Part 1	General Manager, District Industries Centre	Entrepreneurs Memorandum Number: 050120000955	January 06, 2010	NA
3	Entrepreneurs Memorandum for setting micro, small and medium	General Manager, District Industries Centre	Entrepreneurs Memorandum Number: 050120001177	May 11, 2010	NA

Sr. No.	Description	Authority	Registration No./ Reference No./ License No.	Date of Issue	Date of Expiry
	Enterprises Unit- Part 2				
4	License to work a factory (under Factories Act, 1948 and Rules made thereunder)	Deputy Director of Factories, Uttarakhand	Registration Number: USN-1466	January 01, 2018	December 31, 2018
5	Certificate of Renewal of License to manufacture for sale of drugs other than those specified in Schedule-X	Drug Controlling & Licensing Authority, Kumaon Division Uttarakhand	License No. 24/UA/2010 (on form 25) & 24/UA/SC/P-2010 (on form 28)	March 18, 2015	March 17, 2020
6	Grant of Neutral Code no. for export	Drug Controller, Directorate General of Medical Health & Family Welfare, Dehradun	24/UA/2010(on form 25) & 24/UA/SC/P-2010 (on form 28)	November 27, 2015	NA
7	Free Sale Certificate	Office of Drug Controlling & Licensing Authority, Directorate General of Medical Health & Family Welfare, Dehradun (Uttarakhand)	F No.- 17P/1/51/2010/6727  License No. 24/UA/2010 (on form 25) & 24/UA/SC/P-2010 (on form 28)	May 17, 2017	March 17, 2020
8	GMP Certificate	Office of Drug Controlling & Licensing Authority, Directorate General of Medical Health & Family Welfare, Dehradun (Uttarakhand)	F No.- 17P/1/51/2010/6728  License No. 24/UA/2010 (on form 25) & 24/UA/SC/P-2010 (on form 28)	May 17, 2017	March 17, 2020

Sr. No.	Description	Authority	Registration No./ Reference No./ License No.	Date of Issue	Date of Expiry
9	License to manufacture for sale of Ayurvedic (Including Siddha) or Unani Drugs under the Drugs and Cosmetics Act, 1940	Licensing Authority, Ayurvedic & Unani Services Uttarakhand, Dehradun	License Number: UK.AY- 319/2015	August 10, 2015	August 09, 2020
10	Certificate of Good Manufacturing Practices to Manufacturer of Ayurveda, Siddha or Unani Drugs	Office of the Director, Ayurvedic and Unani services, Uttarakhand, Dehradun	Letter No. 746061/D-502/2015-16 UK.AY- 319/2015	August 10, 2015	August 09, 2020
11	License under Food Safety and Standards Act, 2006	Food Safety and Standards Authority of India	12617012000192	Date of Renewal: September 11, 2018	September 10, 2019
12	Fire NOC	Office of Head Fire Fighting Officer, Udham Singh Nagar, Uttarakhand	Letter No 3/FS/online/90/2018	Date of Issue : May 03, 2018 Date of Validity : May 03, 2018	May 02, 2019

#### **TAX RELATED APPROVALS/LICENSES/REGISTRATIONS**

Sr. No.	Authorisation granted	Issuing Authority	Registration No./Reference No./License No.	Date of Issue	Validity
1	Permanent Account Number (PAN)	Income Tax Department, Government of India	AABCD0352N	April 01, 2010	Perpetual
2	Tax Deduction Account Number (TAN)	Income Tax Department, Government of India	HYDD04113E	April 02, 2008	Perpetual

Sr. No.	Authorisation granted	Issuing Authority	Registration No./Reference No./License No.	Date of Issue	Validity
3	Certificate of Registration for VAT act and CST (under Uttarakhand Value Added Tax Act, 2005 and rules made thereunder)	Government of Uttarakhand, Department of Commercial Tax	05009594877	January 23, 2010	Perpetual
4	Certificate of Registration of VAT (under Andhra Pradesh Value Added Tax Act, 2005 read with Rule 10(a) of the Andhra Pradesh Value Added Tax Rules, 2005)	Government of Telangana, Commercial Taxes Department	36180297655	VAT effective from: June 02, 2014	Perpetual
5	Certificate of Registration under Central Sales Tax Act 1956 (Under Rule 5(1) of Central Sales Tax (Registration and Turnover Rules 1957)	Government of Telangana, Commercial Taxes Department	36180297655 (Central)	CST Effective from: June 02, 2014	Until Cancelled
6	Certificate of Registration of Service Tax (under Chapter V of the Finance Act, 1994 read with the Service Tax Rules, 1994)	Ministry of Finance- Department of Revenue	AABCD0352NSD001	Date of issue of original: September 10, 2010 Date of last amendment: October 03, 2016	Until cancelled
7	Professional Tax Enrolment Certificate (PTEC) (under section 6(1) of Andhra Pradesh Tax on Professions, Trades, Callings And	Profession Tax Officer, Government of Andhra Pradesh	28506020713	April 22, 2009	NA



Sr. No.	Authorisation granted	Issuing Authority	Registration No./Reference No./License No.	Date of Issue	Validity
	Employments Act, 1987)				
8	Professional Tax Registration Certificate (PTRC) (under section 6(1) of Andhra Pradesh Tax on Professions, Trades, Callings And Employments Act, 1987)	Profession Tax Officer, Government of Andhra Pradesh	28629881227	Date of Registration: April 22, 2009	Until cancelled
9	GST Registration Certificate – Uttarakhand	Government of India and Government of Uttarakhand	05AABCD0352N1ZU	Date of Issue: January 31, 2018  Date of Liability: July 1, 2017	NA
10	GST Registration Certificate – Telangana	Government of India and Government of Telangana	36AABCD0352N1ZP	Date of Issue: September 23, 2017  Date of Liability: July 1, 2017	NA

#### **LABOUR RELATED APPROVALS/REGISTRATIONS**

Sr. No.	Description	Authority	Registration No./ Reference No./ License No.	Date of Issue
1	Registration for State Employees Insurance (under Employees State Insurance Act, 1948 )	Employee State Insurance Corporation, Uttarakhand	Establishment Code: 61-00-005039-000-00305	August 12, 2010

**OTHER QUALITY RELATED CERTIFICATES**

Sr No.	Description	Authority	Registration Number	Date of Certificate	Date of Expiry
1.	Certificate of Compliance	NFI Certification Ltd, U.K.	110044	February 15, 2018	February 14, 2020
2	Membership Certificate	Federation of Indian Direct Selling Industries	FIDSI/M/04/18-19/019	April 2018	March 2019
3	Certificate of Registration	EQFS Certification, ISO 9001 certified	DABT0329	April 18, 2018	April 17, 2021
4	Certificate of Registration	ICMPL International, ISO 9001 certified	ICM/QUT05/649	April 19, 2018	April 19, 2021
5	Quality Management System Certificate	German Cert Co., ISO 9001 certified	GCQ-181843	June 22, 2018	June 21, 2021
6	Certificate of Compliance	World Health Organisation, Good Laboratory Practice System, NFI Certification Ltd., U.K.	110074	May 17, 2018	May 16, 2020


**INTELLECTUAL PROPERTY RELATED APPROVALS/REGISTRATIONS****TRADEMARKS**

Sr No.	Trademark	Trade mark Type	Class	Applicant	Application No.	Date of Application	Validity/ Renewal	Registration status
1.	OXY FLAX	Word	30	Deccan Health Care Limited	1681462	April 29, 2018	April 29, 2028	Registered
2.	NUTRI DECC	Word	30	Deccan Health Care Private Limited	2016229	August 30, 2010	August 30, 2020	Registered

Sr No	Trademark	Trade mark Type	Class	Applicant	Applicati on No.	Date of Applica tion	Validity/ Renewal	Registrati on status
3.	NEUROVIT MC	Word	30	Deccan Health Care Limited	1708312	July 09, 2018	July 09, 2028	Registered
4.	LYCO CARE	Word	30	Deccan Health Care Limited	1708310	July 09, 2018	July 09, 2028	Registered
5		Devic e	30	Deccan Health Care Private Limited	2148494	May 23, 2011	May 23, 2021	Registered
6		Devic e	5	Deccan Health Care Limited	1939011	March 19, 2010	March 19, 2020	Registered
7		Devic e	30	Deccan Health Care Private Limited	2178651	July 21, 2011	July 21, 2021	Registered
8		Devic e	5	Deccan Health Care Private Limited	2148495	May 23, 2011	May 23, 2021	Registered
9	OXY FLAX	Word	5	Deccan Health Care Limited	1674942	April 11, 2018	April 11, 2028	Registered
10		Devic e	99	Deccan Health Care Private Limited	3595626	July 20, 2017	-	Objected

**Company has confirmed that no other applications have been made by the Company nor has it registered any type of intellectual property including trademarks/copyrights/patents etc.**

### **PENDING APPROVALS:**

1. Our Company has obtained Employees Provident Fund Registration under Employees' Provident Funds and Miscellaneous Provisions Act, 1952 from Employees Provident Fund Organisation, Uttarakhand vide communication reference number 5007/EPF/Ksho.k/Pravartan/UK/35621 dated August 4, 2010. Its certificate is yet to be received.
2. Application dated June 13, 2017 made to Uttarakhand Environment Protection & Pollution Control Board for renewal of Consent to Operate issued by State Pollution Control Board Under section 25 of the Water (Prevention & Control of Pollution) Act, 1974 & Under section 21 of the Air (Prevention & Control of Pollution) Act, 1981
3. Authorisation / Renewal of Authorisation under Rule 5 of the Hazardous Wastes (Management, handling & Transboundary movement) Rules 2008
4. Registration of Logo of the Company i.e.  with the Registrar of Trademarks, Trademark Registry, Government of India.

### **MATERIAL LICENSES / APPROVALS FOR WHICH THE COMPANY IS YET TO APPLY**

1. Registration of Establishment under Shops and Establishments Act for registered office.
2. Renewal of Certificate of Registration with the U.S Food and Drug Administration.
3. Application for renewal of License for Contract Labour under the Contract Labour (regulation and abolition) Act, 1970.
4. Certain Approvals are to be transferred in the name from "Deccan Health Care Private Limited" to "Deccan Health Care Limited".

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### AUTHORITY FOR THE OFFER

The Offer has been authorized by the Board of Directors *vide* a resolution passed at its meeting held on August 05, 2018 and by the shareholders of our Company *vide* a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the Annual General Meeting held on September 20, 2018.

The Offer for Sale has been authorized by the Selling Shareholders by their consent letters as follows:

Sr. No.	Name of the Selling Shareholders	No. of Equity Shares Offered	Date of consent letter
1)	Hitesh Patel	14,00,000	September 19, 2018
2)	Meenakshi Gupta	6,00,000	September 19, 2018

### PROHIBITION BY SEBI OR OTHER GOVERNMENTAL AUTHORITIES

We confirm that our Company, Directors, Promoters, Promoter Group, person in control of our Company, Selling Shareholders are not prohibited from accessing or operating in the capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by the SEBI or any securities market regulator in any other jurisdiction or any other authority / court as on the date of this Red Herring Prospectus.

In view of the General Circular No.07/2018 dated September 6, 2018 and General Circular No.08/2018 dated September 10, 2018 issued by the Ministry of Corporate of Affairs, Government of India, our Company, our Promoters, our Promoter Group and the Selling Shareholders will ensure compliance with the Companies (Significant Beneficial Ownership) Rules, 2018, upon notification of the relevant forms, as may be applicable to them. Neither our Promoters, nor any of our Directors or persons in control of our Company are a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI or any other governmental authorities as on the date of this Red Herring Prospectus.

Further, except as mentioned in the chapter titled “*Outstanding Litigations and Material Developments*” there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

None of our Directors are associated with the securities market in any manner, including securities market related business.

Further, none of our Promoters or Directors has been declared as fugitive economic offender under Fugitive Economic Offenders Act, 2018.

### PROHIBITION BY RBI

Neither our Company nor any of our Promoters or Directors have been declared as wilful defaulter(s) by the RBI or any other governmental authority.

### ELIGIBILITY FOR THIS OFFER

Our Company is eligible for the Offer in accordance with regulation 229(2) and other provisions of chapter IX of the SEBI (ICDR) Regulations, 2018 as the post Offer face value capital is more than Rs. 1,000 lakhs and upto Rs. 2,500 lakhs. Our Company also complies with the eligibility conditions laid by the SME Platform of BSE Limited for listing of our Equity Shares.

#### We confirm that:

1. In accordance with regulation 260 of the SEBI (ICDR) Regulations, this Offer will be 100% underwritten and shall not restrict to the minimum subscription level. The BRLM shall underwrite at least 15% of the total Offer size. For further details pertaining to underwriting please refer to chapter titled “*General Information*” beginning on page 61 of this Red Herring Prospectus.

2. In accordance with Regulation 268(1) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Offer is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our company becomes liable to repay it, then our company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013.
3. We have filed Draft Red Herring Prospectus with stock exchange. The Draft Red Herring Prospectus has not been filed with SEBI, nor has SEBI issued any observation on the Offer Document in terms of Regulation 246 of SEBI (ICDR), 2018. However, pursuant to sub regulation (5) of regulation 246, the copy of Draft Red Herring Prospectus has also been furnished to the SEBI in a soft copy.
4. In accordance with Regulation 261 of the SEBI ICDR Regulations, we have entered into an agreement with the Book Running Lead Manager and Market Maker to ensure compulsory market making for the minimum period of three years from the date of listing of equity shares offered in this Offer. For further details of the market making arrangement see chapter titled “*General Information*” beginning on page 61 of this Red Herring Prospectus.
5. The Post-Offer paid up capital of the Company shall not be more than Rs. 25 Crores. The post Offer capital of our Company is Rs. 15.71 Crores.
6. The Company has positive cash accruals (Earnings before depreciation and tax) from operations for at least 2 (two) financial years preceding the date of filing of this Red Herring Prospectus.
7. The Company has a track record of three years as on date of filing of this Red Herring Prospectus.
8. The Networth of the Company is positive as per the latest audited financial statements.
9. The Networth and Cash accruals (Earnings before depreciation and tax) from operation of the Company as per the Standalone Restated Financial statements for the period ended on June 30, 2018 and financial year ended March 31, 2018, 2017 and 2016 is as set forth below:

*Amount (Rs. In Lakhs)*

Particulars	For the period ended on	For the financial year ended 31 <sup>st</sup> March		
	June 30, 2018	2018	2017	2016
Net Worth	3,893.89	3,648.08	2,214.30	840.39
Cash Accruals	278.11	1,395.50	1071.08	470.02

*“Net Worth” has been defined as the aggregate of the paid up share capital, share application money (excluding the portion included in other current liabilities) and reserves and surplus excluding miscellaneous expenditure, if any.*

*\*\*\*“Cash accruals” has been defined as the Earnings before depreciation and tax from operations*

10. The track record of the Company as per the Standalone Restated financial statements for the period ended on June 30, 2018 and financial year ended March 31, 2018, 2017 and 2016 is as set forth below:

*Amount (Rs. In Lakhs)*

Particulars	For the period ended on	For the financial year ended 31 <sup>st</sup> March		
	June 30, 2018	2018	2017	2016
Profit/(Loss)	245.81	1,268.78	953.91	354.21

11. The Company shall mandatorily facilitate trading in demat securities and has enter into an agreement with both the depositories.
12. The Company has not been referred to Board for Industrial and Financial Reconstruction.
13. No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company.

14. No material regulatory or disciplinary action has been taken by any stock exchange or regulatory authority in the past three years against the Company.
15. There has been no change in the promoter(s) of the Company in the one year preceding the date of filing application to BSE for listing on SME Platform.
16. The Company has a website: [www.deccanhealthcare.co.in](http://www.deccanhealthcare.co.in)

We further confirm that we shall be complying with all the other requirements as laid down for such an Offer under Chapter IX of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (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 THIS OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, HAS FURNISHED TO SEBI IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF SECURITIES AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.**

**THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.**

All legal requirements pertaining to the Offer will be complied with at the time of registration of the Red Herring Prospectus with the Registrar of Companies, Hyderabad, in terms of Section 26 and 32 of the Companies Act, 2013.

#### **DISCLAIMER STATEMENT FROM OUR COMPANY AND THE BOOK RUNNING LEAD MANAGER**

Our Company, our Directors and the Book Running Lead Manager accept no responsibility for statements made otherwise than in the Red Herring Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website, [www.deccanhealthcare.co.in](http://www.deccanhealthcare.co.in) would be doing so at his or her own risk.

## **PRICE INFORMATION AND THE TRACK RECORD OF THE PAST ISSUES HANDLED BY THE BOOK RUNNING LEAD MANAGER**

For details regarding the price information and track record of the past issues handled by Pantomath Capital Advisors Private Limited, please refer “Annexure A” to this Red Herring Prospectus and the website of Book Running Lead Manager at [www.pantomathgroup.com](http://www.pantomathgroup.com).

### **DISCLAIMER IN RESPECT OF JURISDICTION**

This Offer is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2,500 Lakhs, pension funds with minimum corpus of Rs. 2,500 Lakhs and the National Investment Fund, and permitted non-residents including FPIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra only.

No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with BSE Limited for its observations and BSE Limited has given its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

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

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws, legislations and Red Herring Prospectus in each jurisdiction, including India.

### **DISCLAIMER CLAUSE OF THE SME PLATFORM OF BSE**

BSE Limited (“BSE”) has given vide its letter dated December 07, 2018 permission to this Company to use its name in this offer document as one of the stock exchanges on which this company’s securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE Ltd does not in any manner:-

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. warrant that this Company’s securities will be listed or will continue to be listed on BSE; 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;
- iv. warrant, certify or endorse the validity, correctness or reasonableness of the price at which the equity shares are offered by the Company and investors are informed to take the decision to invest in the equity shares of the Company only after making their own independent enquiries, investigation and analysis. The price at which the equity shares are offered by the Company is determined by the Company in consultation with the Merchant Banker to the issue and the Exchange has no role to play in the same and it should not for any reason be deemed or construed that the contents of this offer document have been cleared or approved by BSE. Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE 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.
- v. BSE does not in any manner be liable for any direct, indirect, consequential or other losses or damages including loss of profits incurred by any investor or any third party that may arise from any reliance on this offer document or for the reliability, accuracy, completeness, truthfulness or timeliness thereof.
- vi. The Company has chosen the SME platform on its own initiative and at its own risk, and is responsible for complying with all local laws, rules, regulations, and other statutory or regulatory requirements stipulated by BSE/other regulatory authority. Any use of the SME platform and the related services are subject to Indian laws and Courts exclusively situated in Mumbai".

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. 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 BSE 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.

## **LISTING**

Application will be made to the BSE Limited" for obtaining permission to deal in and for an official quotation of our Equity Shares. BSE Limited will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized.

The BSE Limited has given its in-principle approval for using its name in the Offer Document vide its letter no. DCS/ SME IPO/PP/IP/1132/2018-19 dated December 07, 2018 .

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the SME Platform of BSE Limited, our Company will forthwith repay, without interest, all moneys received from the bidders in pursuance of the Red Herring Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it (i.e. from the date of refusal or within 15 working days from the Offer Closing Date), then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15 per cent per annum on application money, as prescribed under section 40 of the Companies Act, 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of BSE Limited mentioned above are taken within six Working Days from the Offer Closing Date.

## **CONSENTS**

Consents in writing of: (a) the Directors, the Promoters, the Company Secretary & Compliance Officer, Chief Financial Officer, Statutory Auditor, Banker to the Company and (b) Book Running Lead Manager, Syndicate Member, Underwriter, Market Maker, Registrar to the Issue, Public Offer Banks /

Bankers to the Offer and Refund Banker to the Issue, Legal Advisor to the Issue, to act in their respective capacities have been obtained and shall be filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 32 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC. Our Auditor has given its written consent to the inclusion of its report in the form and context in which it appears in this Red Herring Prospectus and such consent and report shall not be withdrawn up to the time of delivery of the Red Herring Prospectus and Prospectus for filing with the RoC.

#### **EXPERT TO THE ISSUE**

Except as stated below, Our Company has not obtained any expert opinions:

- Report of the Auditor on Statement of Tax Benefits
- Report of the Auditor on Restated Financial Statements for the Period ended on June 30, 2018 and financial year ended March 31, 2018, 2017 and 2016 of our company.

#### **PREVIOUS RIGHTS AND PUBLIC ISSUES**

Except as stated in the chapter titled “*Capital Structure*” beginning on page 73 of this Red Herring Prospectus, we have not made any previous rights and/or public issues during last 5 years, and are an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this Offer is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

#### **COMMISSION AND BROKERAGE ON PREVIOUS ISSUES**

Since this is the initial public offer of the Equity Shares by our Company, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares in the last 5 years.

#### **CAPITAL ISSUE DURING THE PREVIOUS THREE YEARS BY ISSUER COMPANY AND LISTED GROUP COMPANIES / SUBSIDIARIES / ASSOCIATES**

Neither our Company nor any of our Group Companies/ Associates have undertaken any capital issue or any public or rights issue in the last three years preceding the date of this Red Herring Prospectus. Further, as on date of this Red Herring Prospectus our Company has no any subsidiary company.

#### **PROMISE VERSUS PERFORMANCE FOR OUR COMPANY AND/OR LISTED SUBSIDIARY COMPANY AND/OR LISTED PROMOTER COMPANY**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this Offer is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us. Further, as on date of this Red Herring Prospectus our Company has no any corporate promoter and subsidiary company.

#### **STOCK MARKET DATA FOR OUR EQUITY SHARES**

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Offer is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Thus there is no stock market data available for the Equity Shares of our Company.

#### **MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES**

The Agreement between the Registrar and our Company provides for retention of records with the Registrar for a period of at least three years from the last date of dispatch of the letters of allotment, demat credit and unblocking of funds to enable the investors to approach the Registrar to this Offer for redressal of their grievances. All grievances relating to this Offer may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as the name, address of the bidder, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant / Bidder, number of Equity Shares applied for, amount paid on

application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA applicants / bidders.

Further, as on date of this Red Herring Prospectus our Company has no any subsidiary company and none of our Group Companies is listed on any stock exchanges, so disclosure regarding mechanism for redressal of investor grievances for our subsidiary companies and group companies are not applicable.

#### **DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY**

Our Company or the Registrar to the Offer or the SCSB in case of ASBA Bidders shall redress routine investor grievances within 15 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have re-constituted the Stakeholders Relationship Committee/ Investor Grievance Committee of the Board *vide* resolution passed at the Board Meeting held on November 21, 2017. For further details, please refer to the chapter titled “*Our Management*” beginning on page 174 of this Red Herring Prospectus.

Our Company has appointed Purnima Bhasin as Company Secretary and Compliance Officer and she may be contacted at the following address:

**Purnima Bhasin**

**Deccan Health Care Limited**

247, 2nd floor, Dwarakapuri Colony,

Punjagutta, Hyderabad-500082,

Telangana, India

**Tel:** +91 040 40144508

**Email:** [cs@deccanhealthcare.co.in](mailto:cs@deccanhealthcare.co.in)

**Website:** [www.deccanhealthcare.co.in](http://www.deccanhealthcare.co.in)

Investors can contact the Company Secretary and Compliance Officer or the Registrar in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or unblocking of funds, *etc.*

#### **PURCHASE OF PROPERTY**

Except as disclosed in this Red Herring Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Offer or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus.

Except as stated elsewhere in this Red Herring Prospectus, Our Company has not purchased any property in which the Promoters and / or Directors have any direct or indirect interest in any payment made there under.

#### **SERVICING BEHAVIOR**

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

## **SECTION VIII – OFFER INFORMATION**

### **TERMS OF THE OFFER**

The Equity Shares being issued and transferred pursuant to this Offer shall be subject to the provisions of the Companies Act, 2013, SEBI ICDR Regulations, SCRA, SCRR, the Memorandum and Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN/ the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws, as applicable, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the FIPB, the Stock Exchange, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by SEBI, the RBI, the Government of India, the FIPB, the Stock Exchange, the RoC and any other authorities while granting their approval for the Offer.

Please note that, in terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, all the investors applying in a public Offer shall use only Application Supported by Blocked Amount (ASBA) facility for making payment.

Further vide the said circular Registrar to the Offer and Depository Participants have been also authorised to collect the Application forms. Investors may visit the official website of the concerned stock exchange for any information on operationalization of this facility of form collection by Registrar to the Offer and DPs as and when the same is made available.

### **RANKING OF EQUITY SHARES**

The Equity Shares being issued and transferred pursuant to the offer shall be subject to the provisions of the Companies Act, 2013 our Memorandum and Articles of Association, SEBI Listing Regulations, SEBI ICDR Regulations, SCRA and shall rank pari-passu in all respects including dividend with the existing Equity Shares including in respect of the rights to receive dividends and other corporate benefits, if any, declared by us after the date of Allotment. For further details, please refer to the section titled “*Main Provisions of Articles of Association*” beginning on page 326 of this Red Herring Prospectus.

### **MODE OF PAYMENT OF DIVIDEND**

The declaration and payment of dividend will be as per the provisions of Companies Act, 2013, SEBI Listing Regulations, the Memorandum and Articles of Association, and recommended by the Board of Directors at their discretion and approved by the Shareholders and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. We shall pay dividend, if declared, to our Shareholders as per the provisions of the Companies Act, SEBI Listing Regulations and our Articles of Association. All dividends, declared by our Company after the date of Allotment (pursuant to the Allotment of Offered Shares), will be payable to the Bidders who have been Allotted Offered Shares, for the entire year, in accordance with applicable law. For further details, please refer to the chapter titled “*Dividend Policy*” beginning on page 199 of this Red Herring Prospectus.

### **FACE VALUE AND OFFER PRICE PER SHARE**

The face value of the Equity Shares is Rs. 10 each and the Offer Price at the lower end of Price Band is Rs. [●] per Equity Share and at the higher end of the Price Band is Rs. [●] per Equity Share.

The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and Selling Shareholders in consultation with the BRLM and advertised in all editions of the English national newspaper Business Standard, all editions of Hindi national newspaper Business Standard and the Regional newspaper Surya where the Registered Office of the Company is situated, each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available

to the Stock Exchange for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be prefilled in the Bid cum Application Forms available on the websites of the Stock Exchange.

At any given point of time there shall be only one denomination of Equity Shares.

#### **COMPLIANCE WITH SEBI ICDR REGULATIONS**

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

#### **RIGHTS OF THE EQUITY SHAREHOLDERS**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to receive Annual Reports & notices to members;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive rights shares and bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, 2013 Act, the terms of the SEBI Listing Regulations and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and / or consolidation / splitting, please refer to the section titled “*Main Provisions of Articles of Association*” beginning on page number 326 of this Red herring Prospectus.

#### **ALLOTMENT OF EQUITY SHARES ONLY IN DEMATERIALISED FORM**

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, 2018 the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated January 10, 2017 amongst NSDL, our Company and the Registrar to the Offer; and
- Agreement dated August 11, 2017 amongst CDSL, our Company and the Registrar to the Offer.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is [●] Equity Share. Allotment in this Offer will be only in electronic form in multiples of [●] Equity Share subject to a minimum Allotment of [●] Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

#### **MINIMUM NUMBER OF ALLOTTEES**

Further in accordance with the Regulation 268 of SEBI (ICDR) Regulations, the minimum number of allottees in this Offer shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Offer and the monies blocked by the SCSBs shall be unblocked within 4 working days of closure of Offer.

#### **JURISDICTION**

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/ authorities in Mumbai, Maharashtra, India.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be issued or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being issued and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those issues and sales occur.**

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

#### **JOINT 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 benefits of survivorship.

#### **NOMINATION FACILITY TO BIDDERS**

In accordance with Section 72 of the Companies Act, 2013 the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- a. To register himself or herself as the holder of the Equity Shares; or
- b. To make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

#### **WITHDRAWAL OF THE OFFER**

Our Company and Selling Shareholders in consultation with the BRLM, reserve the right to not to proceed with the Offer after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the offer. The Book Running Lead Manager through, the Registrar to the offer, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform

the same to the Stock Exchange on which Equity Shares are proposed to be listed. If the offer is withdrawn after the designated Date, amounts that have been credited to the public Offer Account shall be transferred to the Refund Account.

Notwithstanding the foregoing, this offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchange, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is registered with the RoC. If our Company and the selling shareholders withdraws the offer after the Bid/ offer Closing Date and thereafter determines that it will proceed with an issue/offer for sale of the Equity Shares, our Company shall file a fresh Draft Red Herring Prospectus.

#### **BID/ OFFER OPENING DATE**

<b>Event</b>	<b>Indicative Date</b>
Bid / Offer Opening Date	Tuesday, December 18, 2018
Bid / Offer Closing Date	Thursday, December 20, 2018
Finalization of Basis of Allotment with the Designated Stock Exchange	Wednesday, December 26, 2018
Initiation of Refunds, (if any, for Anchor Investors) / Unblocking of funds from ASBA Accounts	On or before Thursday, December 27, 2018
Credit of Equity Shares to demat accounts of Allottees	On or before Friday, December 28, 2018
Commencement of trading of the Equity Shares on the Stock Exchange	On or before Monday, December 31, 2018

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

Bids and any revision to the same shall be accepted **only between 10.00 a.m. and 5.00 p.m. (IST)** during the Bid/Offer Period. On the Bid/Offer Closing Date, the Bids and any revision to the same shall be accepted between **10.00 a.m. and 5.00 p.m. (IST)** or such extended time as permitted by the Stock Exchange, in case of Bids by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings and reported by the Book Running Lead Manager to the Stock Exchange. It is clarified that Bids not uploaded on the electronic system would be rejected. Bids will be accepted only on Working Days, i.e., Monday to Friday (excluding public holiday).

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 5.00 p.m. (IST) on the Bid/Offer Closing Date. All times mentioned in this Red Herring Prospectus are Indian Standard Times.

Bidders are cautioned that in the event a large number of Bids are received on the Bid/Offer Closing Date, as is typically experienced in public offerings, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under the Offer. Bids will be accepted only on Business Days. Neither our Company nor the Book Running Lead Manager or selling shareholders are liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise. Any time mentioned in this Red Herring Prospectus is Indian Standard Time.

Our Company and the Selling Shareholders in consultation with the BRLM, reserves the right to revise the Price Band during the Bid/ Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly.

**In case of revision of the Price Band, the Bid/Offer Period will be extended for at least three additional working days after revision of Price Band subject to the Bid/ Offer Period not exceeding 10 working days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchange, by issuing a press release and also by indicating the changes on the websites of the Book Running Lead Manager and at the terminals of the Syndicate Member.**

**In case of force majeure, banking strike or similar circumstances, the issuer may, for reasons to be recorded in writing, extend the bidding (issue) period disclosed in the red herring prospectus (in case of a book built issue) or the issue period disclosed in the prospectus (in case of a fixed price issue), for a minimum period of three working days, subject to the Bid/ Offer Period not exceeding 10 working days.**

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the Bid cum Application Form, for a particular Bidder, the Registrar to the Offer shall ask for rectified data

#### **MINIMUM SUBSCRIPTION**

This Offer is not restricted to any minimum subscription level and is 100% underwritten.

As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Red Herring Prospectus, the application money has to be returned within such period as may be prescribed. If our Company does not receive the 100% subscription of the offer through the offer including devolvement of Underwriters, if any, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond fifteen days after our Company becomes liable to pay the amount, our Company and every officer in default will, on and from the expiry of this period, be jointly and severally liable to repay the money, with interest or other penalty as prescribed under the SEBI Regulations, the Companies Act 2013 and applicable law.

In accordance with Regulation 260(1) of the SEBI (ICDR) Regulations, our Offer shall be hundred percent underwritten. Thus, the underwriting obligations shall be for the entire hundred percent of the offer through the Red Herring Prospectus and shall not be restricted to the minimum subscription level. Further, in accordance with Regulation 267(2) of the SEBI (ICDR) Regulations, our Company shall ensure that the minimum application size in terms of number of specified securities shall not be less than Rs.1,00,000/- (Rupees One Lakh) per application.

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

#### **MIGRATION TO MAIN BOARD**

Our company may migrate to the Main board of BSE Limited on a later date subject to the following:

- a. *If the Paid up Capital of our Company is likely to increase above Rs. 2,500 lakhs by virtue of any further issue of capital by way of rights issue, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the Main Board), our Company shall apply to BSE Limited for listing of its shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.*

OR



- b. *If the Paid up Capital of our company is more than Rs. 1,000 lakhs but below Rs. 2,500 lakhs, our Company may still apply for migration to the Main Board and if the Company fulfils the eligible criteria for listing laid by the Main Board and if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.*

*Any company desiring to migrate to the Main board from the SME Board within two years of listing on SME platform of BSE has to fulfil following conditions:*

- a) *The increase in post issue face value capital beyond Rs 25 crore should arise only because of merger/acquisition or for expansion purposes.*
- b) *The company should have a minimum turnover of Rs. 100 crore as per last audited financials and market capitalization of 100 crore.*
- c) *The company should have a minimum profit before tax of Rs 10 crore for two years out of three preceding years.*
- d) *There should not be any action against the company by any regulatory agency at the time of application for migration.*

#### **MARKET MAKING**

The shares issued and transferred through this Offer are proposed to be listed on the BSE SME with compulsory market making through the registered Market Maker of the SME Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing on the SME Platform of BSE Limited. For further details of the market making arrangement please refer to chapter titled “General Information” beginning on page 61 of this Red herring Prospectus.

#### **ARRANGEMENT FOR DISPOSAL OF ODD LOT**

The trading of the equity shares will happen in the minimum contract size of [●] shares in terms of the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on [●].

#### **AS PER THE EXTANT POLICY OF THE GOVERNMENT OF INDIA, OCBS CANNOT PARTICIPATE IN THIS OFFER**

Reserve Bank of India vide notification no. FEMA20(R)/2017-RB dated November 07, 2017 issued the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017. The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2017, provides a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian Companies by way of subscription in an IPO. Reserve Bank of India also inserted new definition of Capital Instruments.

The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India / RBI while granting such approvals

#### **ALLOTMENT OF SECURITIES IN DEMATERIALIZED FORM**

In accordance with the SEBI ICDR Regulations, Allotment of Equity Shares to successful applicants will only be in the dematerialized form. Applicants will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only on the dematerialized segment of the Stock Exchange.

#### **NEW FINANCIAL INSTRUMENTS**

There are no new financial instruments such as deep discounted bonds, debenture, warrants, secured premium notes, etc. issued by our Company.

**APPLICATION BY ELIGIBLE NRIs, FPI'S REGISTERED WITH SEBI, VCF'S, AIF'S REGISTERED WITH SEBI AND QFI'S**

It is to be understood that there is no reservation for Eligible NRIs or FPIs or QFIs or VCFs or AIFs registered with SEBI. Such Eligible NRIs, QFIs, FPIs, VCFs or AIFs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation.

**RESTRICTIONS, IF ANY ON TRANSFER AND TRANSMISSION OF EQUITY SHARES**

Except for (i) the lock-in of the pre-Offer Equity Shares, (ii) the minimum Promoters' contribution, (iii) as provided in "Main Provisions of our Articles of Association" pursuant to the Offer on page 329 of this Red Herring Prospectus, there are no restrictions on transfers of Equity Shares. Further, there are no restrictions on transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles of Association. For details, please see "Main Provisions of our Articles of Association" on page 326 of this Red Herring Prospectus.

## OFFER STRUCTURE

This Offer is being made in terms of Regulation 229(2) of Chapter IX of SEBI ICDR Regulations whereby, our post-Offer face value capital exceeds ten crore rupees but does not exceed twenty five crores. The Company shall issue specified securities to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE Limited). For further details regarding the salient features and terms of such Offer, please refer to the chapter titled "*Terms of the Offer*" and "*Offer Procedure*" beginning on page 275 and 285 of this Red Herring Prospectus.

### Following is the Offer structure:

Initial Public Offer of 42,12,000 Equity Shares of face value of Rs. 10 each ("Equity Shares") fully paid for cash at a price of Rs. [●] (including a premium of Rs. [●]) aggregating Rs. [●] Lakhs. The Offer comprising a fresh issue of 22,12,000 Equity Shares aggregating Rs. [●] Lakhs and an Offer for Sale of 20,00,000 Equity Shares aggregating Rs. [●] Lakhs by the Selling Shareholders ("Offer"). The Offer comprises a net offer to the public of 40,00,800 Equity shares (the "Net Offer"). The Offer and Net Offer will constitute 26.81% and 25.46% of the post-Offer paid-up Equity Share capital of our Company.

The Offer comprises a reservation of 2,11,200 Equity Shares of Rs. 10 each for subscription by the designated Market Maker ("the Market Maker Reservation Portion").

Particulars*	Market Maker Reservation Portion	Non –Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	2,11,200 Equity Shares	20,00,400 Equity Shares	20,00,400 Equity Shares
Percentage of Offer / Net Offer size available for allocation	5.01% of Offer Size	50 % of the net Offer shall be available for allocation	50 % of the net Offer Size available for allocation

<b>Particulars*</b>	<b>Market Maker Reservation Portion</b>	<b>Non –Institutional Bidders</b>	<b>Retail Individual Bidders</b>
<b>Basis of Allotment / Allocation if respective category is oversubscribed</b>	Firm Allotment	Proportionate	Proportionate subject to minimum Lot as explained in the section titled “Offer Procedure on page 285 of this Red Herring Prospectus.
<b>Mode of Bid cum Application</b>	Through the ASBA Process only	Through the ASBA Process only	Through ASBA Process only
<b>Minimum Bid Size</b>	2,11,200 Equity Shares	Such number of Equity shares in multiple of [●] Equity shares that Application size exceeds Rs. 2,00,000	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed Rs. 2,00,000
<b>Maximum Bid Size</b>	2,11,200 Equity Shares in multiple of [●] Equity shares	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the size of the Offer, subject to limits as applicable to the Bidder	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed Rs. 2,00,000
<b>Mode of Allotment</b>	Compulsorily in Dematerialized mode	Compulsorily in Dematerialized mode	Compulsorily in Dematerialized mode

<b>Particulars*</b>	<b>Market Maker Reservation Portion</b>	<b>Non –Institutional Bidders</b>	<b>Retail Individual Bidders</b>
<b>Trading Lot</b>	[●] Equity Shares, however the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations	[●] Equity Shares and in multiples thereof	[●] Equity Shares and in multiples thereof
<b>Terms of Payment</b>	The entire amount shall be blocked at the time of submission of Bid cum Application Form to the members of the syndicate. In case of ASBA Bidders, the SCSBs shall be authorized to block the Bid amount mentioned in the Bid Cum Application Form.		

*\*There are no equity Shares reserved for allocation to QIB category. However, QIBs can apply in the Non-Institutional Portion.*

- 1) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category other than the QIB Category would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, the Selling Shareholders in consultation with the Book Running Lead Manager and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories. Also, in case if the Retail Individual Investors category is entitled to more than the allocated portion on proportionate basis, the category shall be allocated that higher percentage;*
- 2) *In terms of Rule 19(2)(b) of the SCRR read with Regulation 252 of the SEBI (ICDR) Regulations, this is an Offer for at least 25% of the post-offer paid-up Equity Share capital of our Company. This Offer is being made through the Book Building Process, wherein not more than 50% of the Net Offer shall be available for allocation on a proportionate basis to QIBs. Further not less than 15 % of the Net Offer shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35 % of the Net Offer shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.*

In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders.

## OFFER PROCEDURE

*All Bidders should review the “General Information Document for Investing in Public Issues” prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI, modified and updated pursuant to, among others, the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 notified by SEBI, the circular (CIR/CFD/DIL/1/2016) dated January 1, 2016, SEBI circular bearing number SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 and SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018 (“General Information Document”), which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect the enactments and regulations, to the extent applicable to a public issue. The General Information Document shall be made available on the websites of the Stock Exchanges, the Company and the Book Running Lead Manager before opening of the Offer Period.*

*Our Company, Selling Shareholders and the Book Running Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendments, modifications or change in the applicable law which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Red Herring Prospectus.*

*Please note that all the Bidders can participate in the Offer only through the ASBA process. All Bidders shall ensure that the ASBA Account has sufficient credit balance such that the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid. Please note that all Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form.*

*Bidders are required to submit Bids to the Selected Branches / Offices of the RTAs, DPs, Designated Bank Branches of SCSBs or to the Syndicate Members. The lists of banks that have been notified by SEBI to act as SCSB (Self Certified Syndicate Banks) for the ASBA Process are provided on <http://www.sebi.gov.in>. For details on designated branches of SCSB collecting the Bid cum Application Form, please refer the above mentioned SEBI link. The list of Stock Brokers, Depository Participants (DP), Registrar to an Offer and Share Transfer Agent (RTA) that have been notified by BSE Limited to act as intermediaries for submitting Bid cum Application Forms are provided on [www.bsesme.com](http://www.bsesme.com). For details on their designated branches for submitting Bid cum Application Forms, please see the above mentioned website of BSE Limited.*

*Pursuant to SEBI Circular No. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, the ASBA process shall be mandatory for all investors and it allows the registrar, share transfer agents, depository participants and stock brokers to accept Bid cum Application Forms.*

## BOOK BUILDING PROCEDURE

In terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended (the “SCRR”) the Offer is being made for at least 25% of the post-Offer paid-up Equity Share capital of our Company. The Offer is being made under Regulation 229(2) of Chapter IX of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 via book building process wherein not more than 50% of the Net Offer shall be available for allocation to Qualified Institutional Buyers on a proportionate basis. Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Net Offer will be available for allocation to Retail Individual Investors, in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Subject to the valid Bids being received at or above the Offer Price, allocation to all categories in the Net Offer, shall be made on a proportionate basis, except for the Retail Portion where Allotment to each Retail Individual Bidders shall not be less than the minimum Bid lot, subject to availability of Equity Shares in Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. Under subscription, if any, in any category except QIB category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company and selling shareholders in consultation with the BRLM and the Stock Exchange.

Investors should note that according to section 29(1) of the Companies Act, 2013, allotment of Equity Shares to all successful Bidders will only be in the dematerialised form. The Bid cum Application Forms which do not have the details of the Bidder's depository account including DP ID, PAN and Beneficiary Account Number shall be treated as incomplete and rejected. In case DP ID, Client ID and PAN mentioned in the Bid cum Application Form and entered into the electronic system of the stock exchange, do not match with the DP ID, Client ID and PAN available in the depository database, the bid is liable to be rejected. Bidders will not have the option of getting allotment of the Equity Shares in physical form. The Equity Shares on allotment shall be traded only in the dematerialised segment of the Stock Exchange.

### **BID CUM APPLICATION FORM**

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the website of the Stock Exchange, the SCSBs, the Registered Brokers, the RTA and the CDPs at least one day prior to the Bid/Offer Opening Date. Physical Bid cum Application Forms for Anchor Investors shall be made available at the offices of the BRLM.

All Bidders shall mandatorily participate in the Offer only through the ASBA process. ASBA Bidders must provide bank account details and authorization to block funds in the relevant space provided in the Bid cum Application Form and the Bid cum Application Forms that do not contain such details are liable to be rejected.

Anchor Investors are not permitted to participate in the Offer through the ASBA process.

ASBA Bidders shall ensure that the Bids are made on Bid cum Application Forms bearing the stamp of the syndicate member/ SCSBs/ RTA/ DPs/ stock brokers, submitted at the Collection Centres only (except in case of electronic Bid cum Application Forms) and the Bid cum Application Forms not bearing such specified stamp are liable to be rejected.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

<b>Category</b>	<b>Color of Bid cum application Form*</b>
Resident Indians and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents and Eligible NRIs, FIIs, FVCIs, etc. applying on a repatriation basis	Blue

*\*excluding electronic Bid cum Application Form*

Designated Intermediaries (other than SCSBs) shall submit/deliver the Bid cum Application Forms to respective SCSBs where the Bidder has a bank account and shall not submit it to any non-SCSB Bank.

Bidders shall only use the specified Application Form for the purpose of making an application in terms of the Red Herring Prospectus. The Bid Cum Application Form shall contain information about the Bidders and the price and the number of Equity Shares that the Bidders wish to apply for. The Bid Cum Application Form downloaded and printed from the website of the Stock Exchange shall bear a system generated unique application number. ASBA Bidders are required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

Bidders are required to submit their applications only through any of the following Application Collecting Intermediaries:

- i) an SCSB, with whom the bank account to be blocked, is maintained
- ii) a syndicate member (or sub-syndicate member)
- iii) a stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('broker')
- iv) a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
- v) a registrar to an offer and share transfer agent (RTA) (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

The upload of the details in the electronic bidding system of stock exchange will be done by:

For applications submitted by investors to SCSB:	After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified.
For applications submitted by investors to intermediaries other than SCSBs:	After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange. Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Offer.

Upon completion and submission of the Bid Cum Application Form to Application Collecting intermediaries, the Bidders are deemed to have authorized our Company to make the necessary changes in the Red Herring Prospectus, without prior or subsequent notice of such changes to the Bidders.

#### **WHO CAN BID?**

*Each Bidder should check whether it is eligible to apply under applicable law.* Furthermore, certain categories of Bidders, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders are requested to refer to the Red Herring Prospectus for more details.

Subject to the above, an illustrative list of Bidders is as follows:

1. Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors through natural/legal guardian;
2. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidders should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Bids by HUFs would be considered at par with those from individuals;
3. Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
4. Mutual Funds registered with SEBI;
5. Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Offer;
6. Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks



(subject to RBI permission, and the SEBI Regulations and other laws, as applicable);

7. FPIs other than Category III FPI; VCFs and FVCIs registered with SEBI
8. Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
9. State Industrial Development Corporations;
10. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
11. Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
12. Insurance Companies registered with IRDA;
13. Provident Funds and Pension Funds with minimum corpus of Rs. 2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
14. Multilateral and Bilateral Development Financial Institutions;
15. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
16. Insurance funds set up and managed by army, navy or air force of the Union of India or by Department of Posts, India;
17. Any other person eligible to apply in this Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws

As per the existing regulations, OCBs cannot participate in this Offer.

In addition to the category of Bidders set forth *above*, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs and sub-accounts registered with SEBI other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Scientific and / or industrial research organizations authorized in India to invest in the Equity Shares.

#### **MAXIMUM AND MINIMUM APPLICATION SIZE**

##### ***(a) For Retail Individual Bidders:***

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 2,00,000. In case of revision of Bid, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 2,00,000.

##### ***(b) For Other Bidders (Non-Institutional Bidders and QIBs):***

The Bid cum Application must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 2,00,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Offer Size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. A QIB and a Non-Institutional Bidder cannot withdraw or lower the size of their Bid at any stage and are required to pay the entire Bid Amount upon submission of the Bid. The identity of QIBs applying in the Net Offer shall not be made public during the Offer Period. In case of revision in Bid, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non-Institutional Portion.

## **METHOD AND PROCESS OF BIDDING**

- a) Our Company and the Selling Shareholders in consultation with the BRLM will decide the Price Band and the minimum Bid lot size for the Offer and the same shall be advertised in all editions of Business Standard (English language), all editions of Business Standard (Hindi language) and regional language newspaper being Surya, each with wide circulation at least two Working Days prior to the Bid/ Offer Opening Date. The BRLM and the SCSBs shall accept Bids from the Bidders during the Bid/ Offer Period.
- b) The Bid/ Offer Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Bid/ Offer Period maybe extended, if required, by an additional three Working Days, subject to the total Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/ Offer Period, if applicable, will be published in all editions of Business Standard (English language), all editions of Business Standard (Hindi language) and regional language newspaper being Surya, each with wide circulation and also by indicating the change on the website of the BRLM.
- c) During the Bid/ Offer Period, Retail Individual Bidders, should approach the BRLM or their authorised agents to register their Bids. The BRLM shall accept Bids from all non-ASBA Bidders and from the ASBA Bidders in Specified Cities and it shall have the right to vet the Bids during the Bid/ Offer Period in accordance with the terms of the Red Herring Prospectus. ASBA Bidders should approach the Designated Branches or the BRLM (for the Bids to be submitted in the Specified Cities) to register their Bids.
- d) Each Bid cum Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph titled “Bids at Different Price Levels and Revision of Bids” below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Offer Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Offer Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.
- e) The Bidder cannot Bid through another Bid cum Application Form after Bids through one Bid cum Application Form have been submitted to a BRLM or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another BRLM or SCSB will be treated as multiple Bid and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Offer. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph “Build-up of the Book and Revision of Bids”.
- f) Except in relation to the Bids received from the Anchor Investors, the BRLM/the SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form
- g) The BRLM shall accept the Bids from the Anchor Investors during the Anchor Investor Bid/ Offer Period i.e. one working day prior to the Bid/ Offer Opening Date. Bids by QIBs under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.
- h) Upon receipt of the Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- j) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and will enter each Bid option into

the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.

- k) The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal/failure of the Offer or until withdrawal/rejection of the Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Offer shall send an appropriate request to the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Offer Account. In case of withdrawal/failure of the Offer, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Offer.

#### **BIDS AT DIFFERENT PRICE LEVELS AND REVISION OF BIDS**

- (a) Our Company and selling shareholders in consultation with the BRLM, and without the prior approval of, or intimation, to the Bidders, reserves the right to revise the Price Band during the Bid/Offer Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the floor price can move up or down to the extent of 20% of the floor price disclosed. If the revised price band decided, falls within two different price bands than the minimum application lot size shall be decided based on the price band in which the higher price falls into.
- (b) Our Company and selling shareholders in consultation with the BRLM, will finalize the Offer Price within the Price Band, without the prior approval of, or intimation, to the Bidders.
- (c) The Bidders can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.
- (d) Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price with the Syndicate. In case of ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders) bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block an amount based on the Cap Price.

#### **INFORMATION FOR THE BIDDERS**

- (a) Our Company shall register the Red Herring Prospectus with the RoC at least three working days before the Bid Offer Opening Date.
- (b) Our Company shall, after registering the Red Herring Prospectus with the RoC, make a pre- Offer advertisement, in the form prescribed under the SEBI ICDR Regulations, in English and Hindi national newspapers and one regional newspaper with wide circulation. In the pre- Offer advertisement, our Company, selling shareholders and the Book Running Lead Manager shall advertise the Offer Opening Date, the Offer Closing Date. This advertisement, subject to the provisions of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.
- (c) The Price Band as decided by our Company and selling shareholders in consultation with the Book Running Lead Manager is Rs. [●] per Equity Share. The Floor Price of Equity Shares is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share and the minimum bid lot is of [●] Equity Shares. Our Company shall also announce the Price Band at least two Working Days before the Offer Opening Date in English and Hindi national newspapers and one regional newspaper with wide circulation.
- (d) This announcement shall contain relevant financial ratios computed for both upper and lower end of the Price Band subject to the provisions of regulation 250 of the SEBI ICDR Regulations.

Further, this announcement shall be disclosed on the website of the Stock Exchange where the Equity Shares are proposed to be listed and shall also be prefilled in the Bid cum Application Forms available on the website of the stock exchange.

- (e) The Offer Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Offer Period shall be extended, by a minimum of three Working Days, subject to the total Offer Period not exceeding ten Working Days. Also, in case of force majeure, banking strike or similar circumstances, the Issuer and selling shareholders may, for reasons to be recorded in writing, extend the Offer Period for a minimum of three working days subject to the total Offer Period not exceeding ten working days. The revised Price Band and Offer Period will be widely disseminated by notification to the SCSBs and Stock Exchange, and by publishing in English and Hindi national newspapers and one regional newspaper with wide circulation and also by indicating the change on the website of the Book Running Lead Manager and at the terminals of the members of the Syndicate.

The Bidders should note that in case the PAN, the DP ID and Client ID mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchange by the Syndicate Member does not match with the PAN, DP ID and Client ID available in the database of Depositories, the Bid cum Application Form is liable to be rejected.

#### **OPTION TO SUBSCRIBE IN THE OFFER**

- (a) As per Section 29(1) of the Companies Act, 2013 allotment of Equity Shares shall be in dematerialized form only.
- (b) The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.

A single Bid cum application from any investor shall not exceed the investment limit / minimum number of specified securities that can be held by him/her/it under the relevant regulations / statutory guidelines and applicable law.

#### **AVAILABILITY OF RED HERRING PROSPECTUS AND BID CUM APPLICATION FORM**

Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLM, the Designated Intermediaries at Bidding Centres, and Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available for download on the websites of SCSBs (via Internet Banking) and stock exchange (s) at least one day prior to the Bid/Offer Opening Date.

#### **PARTICIPATION BY ASSOCIATED/ AFFILIATES OF BOOK RUNNING LEAD MANAGER AND SYNDICATE MEMBERS**

The BRLM and the Syndicate Members, if any, shall not be allowed to purchase in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLM and the Syndicate Members, if any, may subscribe the Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of BRLM and syndicate members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither the Managers nor any persons related to the Manager (other than Mutual Funds sponsored by entities related to the Managers) can apply in the Offer under the Anchor Investor Portion. Further, Promoter and Promoter Group and any persons related to our Promoters and Promoter Group cannot participate in the Offer.

## **BIDS BY MUTUAL FUNDS**

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid cum Application in whole or in part, in either case, without assigning any reason thereof.

In case of a mutual fund, a separate Bid cum Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the Bids clearly indicate the scheme concerned for which the Bids has been made.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

## **BIDS BY ELIGIBLE NRI'S**

NRI's may obtain copies of Bid cum Application Form from the offices of the BRLM and the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non- Resident Forms should authorize their SCSB to block their Non-Resident External (NRE) accounts, or Foreign Currency Non-Resident (FCNR) ASBA Accounts. Eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non Resident Ordinary (NRO) accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRI's bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

## **BIDS BY FPI INCLUDING FIIs**

In terms of the SEBI FPI Regulations, any qualified foreign investor or FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may participate in this Offer, in accordance with Schedule 2 of the FEMA Regulations, until the expiry of its registration with SEBI as an FII or a sub-account. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. An FII or subaccount may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Offer, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Bids made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

With regards to purchase/sale of capital instruments of an Indian company by an FPI under PIS, the total holding by each FPI or an investor group as referred in SEBI (Foreign Portfolio Investor) Regulations, shall not exceed 10% of the total paid-up equity capital on a fully diluted basis or less than 10% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all FPIs put together shall not exceed 24% of paid-up equity capital on fully diluted basis or paid-up value of each series of debentures or preference shares or share warrants. The said limit of 10% and 24% will be called the individual and aggregate limit, respectively. However, this limit of 24 % may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body. For arriving at the ceiling on holdings of FIIs,

shares/ convertible debentures acquired both through primary as well as secondary market will be included. However, the ceiling will not include investment made by FII through off-shore Funds, Global Depository receipts and Euro- Convertible Bonds. With regard to convertible debentures, these investments permitted to be made shall not exceed 5 % of the total paid-up equity capital or 5% of the paid-up value of each series of convertible debentures issued by an Indian Company, and shall also not exceed the over-all ceiling limit of 24 % of paid-up equity capital or paid up value of each series of convertible debentures.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio and unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated, may offer or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is offered overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying) directly or indirectly, only in the event

(i) such offshore derivative instruments are offered only to persons who are regulated by an appropriate regulatory authority; and

(ii) such offshore derivative instruments are offered after compliance with know your client norms. An FPI is also required to ensure that no further offer or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents (blue in colour).

#### **BIDS BY SEBI REGISTERED VCFs, AIFs and FVCIs**

The SEBI FVCI Regulations and the SEBI AIF Regulations inter-alia prescribe the investment restrictions on the VCFs, FVCIs and AIFs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among others, the investment restrictions on AIFs.

The holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25% of the corpus of the VCF. Further, VCFs and FVCIs can invest only up to 33.33% of the investible funds by way of subscription to an initial public offering.

The category I and II AIFs cannot invest more than 25% of the corpus in one Investee Company. A category III AIF cannot invest more than 10% of the corpus in one Investee Company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

All FIIs and FVCIs should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of Bank charges and commission.

**Our Company, the selling shareholders or the BRLM will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.**

**There is no reservation for Eligible NRIs, FPIs and FVCIs and all Bidders will be treated on the same basis with other categories for the purpose of allocation.**

**All non-resident investors should note that refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

## **BIDS BY ANCHOR INVESTORS**

Only QIBs as defined in Regulation 2(1)(ss) of the SEBI Regulations and not otherwise excluded pursuant to Schedule XIII of the SEBI Regulations are eligible to invest. The QIB Portion will be reduced in proportion to allocation under the Anchor Investor Portion. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares will be added to the QIB Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are provided below.

1. Anchor Investor Bid cum Application Forms will be made available for the Anchor Investors at the offices of the BRLMs.
2. The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount is at least Rs. 200.00 lakhs. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of Rs. 200.00 lakhs
3. One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.
4. Bidding for Anchor Investors will open one Working Day before the Bid/ Offer Opening Date and be completed on the same day.
5. Our Company, in consultation with the BRLM, will finalize allocation to the Anchor Investors on a discretionary basis, provided that the minimum and maximum number of Allottees in the Anchor Investor Portion will be, as mentioned below:
  - where allocation in the Anchor Investor Portion is up to Rs.200.00 Lakhs, maximum of 2 (two) Anchor Investors.
  - where the allocation under the Anchor Investor Portion is more than Rs. 200.00 Lakhs but upto Rs. 2500.00 Lakhs, minimum of 2 (two) and maximum of 15 (fifteen) Anchor Investors, subject to a minimum Allotment of Rs. 100.00 Lakhs per Anchor Investor; and
  - where the allocation under the Anchor Investor portion is more than Rs.2500.00 Lakhs:(i) minimum of 5 (five) and maximum of 15 (fifteen) Anchor Investors for allocation upto Rs. 2500.00 Lakhs; and (ii) an additional 10 Anchor Investors for every additional allocation of Rs. 2500.00 Lakhs or part thereof in the Anchor Investor Portion; subject to a minimum Allotment of Rs. 100.00 Lakhs per Anchor Investor.
6. Allocation to Anchor Investors will be completed on the Anchor Investor Bid/ Offer Period. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid/ Offer Opening Date, through intimation to the Stock Exchange.
7. Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.
8. If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors within 2 (two) Working Days from the Bid/ Offer Closing Date. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Offer Price.
9. At the end of each day of the bidding period, the demand including allocation made to anchor investors, shall be shown graphically on the bidding terminals of syndicate members and website of stock exchange offering electronically linked transparent bidding facility, for information of public.
10. Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.
11. The BRLMs, our Promoters, Promoter Group or any person related to them (except for Mutual Funds sponsored by entities related to the BRLMs) will not participate in the Anchor Investor Portion. The

parameters for selection of Anchor Investors will be clearly identified by the BRLMs and made available as part of the records of the BRLMs for inspection by SEBI.

12. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

Anchor Investors are not permitted to Bid in the Offer through the ASBA process.

#### **BIDS BY LIMITED LIABILITY PARTNERSHIPS**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration offered under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any bid without assigning any reason thereof. Limited liability partnerships can participate in the Offer only through the ASBA process.

#### **BIDS BY INSURANCE COMPANIES**

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid by Insurance Companies without assigning any reason thereof. The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- (a) equity shares of a company: the least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
- (b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
- (c) the industry sector in which the investee company belong to: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under 1, 2 and 3 above, as the case may be. Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

#### **BIDS UNDER POWER OF ATTORNEY**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies and provident funds with a minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lakhs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof. In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- (b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- (c) With respect to Bids made by provident funds with a minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lakhs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension



fund must be lodged along with the Bid cum Application Form.

- (d) With respect to Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form
- (e) Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company, selling shareholders and the BRLM may deem fit.

The above information is given for the benefit of the Bidders. Our Company, selling shareholders, the Book Running Lead Manager and the Syndicate Members are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

#### **BIDS BY PROVIDENT FUNDS/PENSION FUNDS**

In case of Bids made by provident funds with minimum corpus of Rs. 25 Crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 Crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Bid Cum Application Form. Failing this, the Company reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.

#### **BIDS BY BANKING COMPANY**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum application Form, failing which our Company reserve the right to reject any Bid by a banking company without assigning any reason.

Bid cum Application Form, failing which our Company reserve the right to reject any Bid by a banking company without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended ("Banking Regulation Act"), and the Reserve Bank of India ("Financial Services provided by Banks") Directions, 2016, is 10% of the paid-up share capital of the investee company not being its subsidiary engaged in non-financial services or 10% of the banks own paid-up share capital and reserves, whichever is lower. However, a banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid up share capital of such investee company if (i) the investee company is engaged in non-financial activities permitted for banks in terms of Section 6(1) of the Banking Regulation Act, or (ii) the additional acquisition is through restructuring of debt / corporate debt restructuring / strategic debt restructuring, or to protect the banks 'interest on loans / investments made to a company. The bank is required to submit a time bound action plan for disposal of such shares within a specified period to RBI. A banking company would require a prior approval of RBI to make (i) investment in a subsidiary and a financial services company that is not a subsidiary (with certain exception prescribed), and (ii) investment in a nonfinancial services company in excess of 10% of such investee company's paid up share capital as stated in 5(a)(v)(c)(i) of the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016.

## **BIDS BY SCSBs**

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making Bid cum applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making Bid cum application in public issues and clear demarcated funds should be available in such account for such Bid cum applications.

## **TERMS OF PAYMENT**

### **Terms of Payment**

The entire Offer price of Rs. [●] per share is payable on Bid cum application. In case of allotment of lesser number of Equity Shares than the number applied, the Registrar to the offer shall instruct the SCSBs to unblock the excess amount blocked.

SCSBs will transfer the amount as per the instruction received by the Registrar to the Public Offer Bank Account, post finalisation of basis of Allotment. The balance amount after transfer to the Public Offer Account shall be unblocked by the SCSBs.

The Bidders should note that the arrangement with Bankers to the Offer or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company and selling shareholders, the Bankers to the Offer, the BRLM and the Registrar to the Offer to facilitate collections from the Bidders.

### **Payment mechanism for Bidders**

The Bidders shall specify the bank account number in the Bid cum Application Form and the SCSBs shall block an amount equivalent to the Bid cum Application Amount in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/ rejection of the bid cum application or receipt of instructions from the Registrar to unblock the Application Amount.

However, Non Retail Bidders shall neither withdraw nor lower the size of their bid cum applications at any stage. In the event of withdrawal or rejection of the Bid cum Application Form or for unsuccessful Application Forms, the Registrar to the Offer shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Offer and consequent transfer of the Application Amount to the Public Offer Account, or until withdrawal/ failure of the Offer or until rejection of the bid cum application by the ASBA Applicant, as the case may be.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 and the SEBI ICDR Regulations, all Investors applying in this Offer shall mandatorily make use of ASBA facility.

## **ELECTRONIC REGISTRATION OF BIDS**

- a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- b) On the Bid/ Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges.
- c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1:00 pm on the day following the Bid/ Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/ Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

## **BUILD UP OF THE BOOK**

- a) Bids received from various Bidders through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/ Offer Period.
- b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding centres during the Bid/ Offer Period.

### **Withdrawal of Bids**

- a) RIIs can withdraw their Bids until Bid/ Offer Closing Date. In case a RII wishes to withdraw the Bid during the Bid/ Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

## **PRICE DISCOVERY AND ALLOCATION**

- a) Based on the demand generated at various price levels, our Company and the Selling Shareholders, in consultation with the BRLM, shall finalise the Offer Price.
- b) The SEBI ICDR Regulations, 2018 specify the allocation or allotment that may be made to various categories of bidders in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP. For details in relation to allocation, the Bidder may refer to the RHP.
- c) Under-subscription in any category (except QIB Category) is allowed to be met with spill over from any other category or combination of categories at the discretion of the Issuer and selling shareholders and in consultation with the BRLM and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations. Unsubscribed portion in QIB Category is not available for subscription to other categories.
- d) In case of under subscription in the Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Issue. For allocation in the event of an under-subscription applicable to the Issuer, Bidders may refer to the RHP.
- e) In case if the Retail Individual Investor category is entitled to more than the allocated portion on proportionate basis, the category shall be allotted that higher percentage.

### **Illustration of the Book Building and Price Discovery Process**

Bidders should note that this example is solely for illustrative purposes and is not specific to the Issue; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the Price Band. For instance, assume a Price Band of Rs.20 to Rs.24 per share, Offer size of 3,000 Equity Shares and receipt of five Bids from Bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the Equity Shares of the Issuer at various prices and is collated from Bids received from various investors.

<b>Bid Quantity</b>	<b>Bid Amount (Rs.)</b>	<b>Cumulative Quantity</b>	<b>Subscription</b>
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100%
2,000	21	5,000	166.67%
2,500	20	7,500	250%

The price discovery is a function of demand at various prices. The highest price at which the Issuer is able to Offer the desired number of Equity Shares is the price at which the book cuts off, i.e., Rs. 22.00 in the above example. The Issuer and selling shareholders, in consultation with the BRLMs, may finalize the Offer Price at or below such Cut-Off Price, i.e., at or below Rs. 22.00. All Bids at or above this Offer Price and cut-off Bids are valid Bids and are considered for allocation in the respective categories.

#### **SIGNING OF UNDERWRITING AGREEMENT AND REGISTERING OF RED HERRING PROSPECTUS / PROSPECTUS WITH ROC**

- (a) Our Company, selling shareholders and Underwriter have entered into an Underwriting agreement dated November 19, 2018.
- (b) A copy of the Red Herring Prospectus and Prospectus will be registered with the RoC in terms of Section 32 and 26 of the Companies Act, 2013.

#### **PRE-OFFER ADVERTISEMENT**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI Regulations, in: (i) English National daily Newspaper; (ii) Hindi National daily Newspaper; and (iii) Regional Newspaper, each with wide circulation at the place where the Registered Office of the Company is situated. In the pre-Offer advertisement, we shall state the Bid Opening Date and the Bid Closing Date and the floor price or price band along with the necessary details subject to Regulation 250 of the SEBI ICDR Regulations. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI Regulations.

#### **ADVERTISEMENT REGARDING OFFER PRICE AND PROSPECTUS**

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the final derived Offer Price. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

#### **ISSUANCE OF CONFIRMATION NOTE (“CAN”) AND ALLOTMENT IN THE ISSUE**

- a) Upon approval of the basis of allotment by the Designated Stock Exchange, the BRLM or Registrar to the Offer shall send to the SCSBs a list of their Bidders who have been allocated Equity Shares in the Issue.
- b) The Registrar will then dispatch a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

#### **Issuance of CAN to Anchor Investors**

- a) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer and selling shareholders, in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.
- b) In the event that the Offer Price is higher than the Anchor Investor Allocation Price:** Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Allocation Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.
- c) In the event the Offer Price is lower than the Anchor Investor Allocation Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

## DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- a) **Designated Date:** On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Offer Account with the Bankers to the Issue. The balance amount after transfer to the Public Offer Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Offer shall instruct the SCSBs to unblock funds represented by allocation of Equity Shares from ASBA Accounts into the Public Offer Account.
- b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. **Bidders are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**
- Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders who have been Allotted Equity Shares in the Issue.
- c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) initiate corporate action for credit of shares to the successful Bidders Depository Account will be completed within 4 Working Days of the Offer Closing Date. The Issuer also ensures the credit of shares to the successful Bidder depository account is completed within one Working Day from the date of Allotment, after the funds are transferred from the Public Offer Account on the Designated Date.

## GENERAL INSTRUCTIONS

### A. Do's and Don'ts

#### Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre;
6. If the first applicant is not the account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
7. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
8. QIBs, Non-Institutional Bidders and the Retail Bidders should submit their Bids through the ASBA process only.
9. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

10. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options;
11. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs, the Registered Broker (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDP (at the Designated CDP Locations);
12. Submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;
13. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;
14. Ensure that the Demographic Details are updated, true and correct in all respects;
15. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;
16. Ensure that the category and the investor status is indicated;
17. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc, relevant documents are submitted;
18. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
19. Bidders should note that in case the DP ID, Client ID and the PAN mentioned in their Bid cum Application Form and entered into the online IPO system of the Stock Exchange by the relevant Designated Intermediary, as the case may be, do not match with the DP ID, Client ID and PAN available in the Depository database, then such Bids are liable to be rejected. Where the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form;
20. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;
21. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
22. Ensure that you have correctly signed the authorization/undertaking box in the Bid cum Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid;
23. Ensure that you receive an acknowledgement from the concerned Designated Intermediary, for the submission of your Bid cum Application Form; and
24. The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**Don'ts:**

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest;
4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;
5. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;
6. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;
7. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);
8. Do not instruct your respective Banks to release the funds blocked in the ASBA Account under the ASBA process;
9. Do not Bid for a Bid Amount exceeding Rs. 2,00,000 (for Bids by Retail Individual Bidders);
10. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Offer size and / or investment limit or maximum number of the Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;
11. Do not submit the General Index Register number instead of the PAN;
12. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are blocked in the relevant ASBA Account;
13. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder;
14. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;
15. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
16. Do not submit more than five Bid cum Application Forms per ASBA Account;

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

**B. Instructions for completing the Bid Form**

Bidders may note that forms not filled completely or correctly as per instructions provided in this Red Herring Prospectus, the General Information Document which shall be made available on the website of the Stock Exchange, the Issuer and the BRLM, and the Bid cum Application Form/ Application Form are liable to be rejected. Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non- resident Bidders are reproduced below:



# R Bid cum Application Form

<b>COMMON BID CUM APPLICATION FORM</b>	<b>DECCAN HEALTH CARE LIMITED - INITIAL PUBLIC OFFER - R</b> Registered Office: 247, 2nd floor, Dwarakapuri Colony, Panjagutta, Hyderabad, Telangana – 500082, India CIN: U72200TG1996PLC024351; Tel. No.: +91 040 40144508; Fax No.: NA; E-mail: investors@deccanhealthcare.co.in ; Website: www.deccanhealthcare.co.in	FOR RESIDENT INDIANS INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS																											
	To, <b>The Board of Directors                  DECCAN HEALTH CARE LIMITED</b>	<b>BOOK BUILT OFFER</b> ISIN - INE452W01019																											
		Bid Cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>																											
<b>SYNDICATE MEMBER'S STAMP &amp; CODE</b>	<b>BROKER'S / SCSB / CDP / RTA STAMP &amp; CODE</b>	<b>1. NAME &amp; CONTACT DETAILS OF SOLE/FIRST BIDDER</b> Mr./Ms./M/s. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> Address <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> Email <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> Tel. No (with STD code) / Mobile <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>																											
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<b>BANK BRANCH SERIAL NO.</b>	<b>SCSB SERIAL NO.</b>																												
<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL		<b>6. INVESTOR STATUS</b> <input type="checkbox"/> Individual(s) - IND <input type="checkbox"/> Hindu Undivided Family* - HUF <input type="checkbox"/> Non-Resident Indians - NRI (Non-Repatriation basis) <input type="checkbox"/> Bodies Corporate - CO <input type="checkbox"/> Banks & Financial Institutions - FI <input type="checkbox"/> Mutual Funds - MF <input type="checkbox"/> National Investment Funds - NIF <input type="checkbox"/> Insurance Funds - IF <input type="checkbox"/> Insurance Companies - IC <input type="checkbox"/> Venture Capital Funds - VCF <input type="checkbox"/> Alternate Investment Funds - AIF <input type="checkbox"/> Others (Please Specify) - OTH <small>*HUF Should apply only through Karta (Application by HUF would be treated on par with individual)</small>																											
For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.																													
<b>4. BID OPTIONS (Only Retail individual Bidders can BID at "Cut-Off"). Price band Rs. [•]</b>		<b>5. CATEGORY</b> <input type="checkbox"/> Retail Individual Bidder <input type="checkbox"/> Non Institutional Bidder <input type="checkbox"/> QIB																											
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Bid Options</th> <th rowspan="2">No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [•] equity shares)</th> <th colspan="3">Price per Equity Share (₹) / "Cut-off"</th> <th rowspan="2">"Cut-Off" (Please ✓ tick)</th> </tr> <tr> <th>Bid Price</th> <th>Retail Discount</th> <th>Net Price</th> </tr> </thead> <tbody> <tr> <td>Option 1</td> <td style="text-align: center;">8 7 6 5 4 3 2 1</td> <td style="text-align: center;">8 7 6 5 4 3 2 1</td> <td style="text-align: center;">8 7 6 5 4 3 2 1</td> <td style="text-align: center;">8 7 6 5 4 3 2 1</td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 2</td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 3</td> <td></td> <td></td> <td></td> <td></td> <td style="text-align: center;"><input type="checkbox"/></td> </tr> </tbody> </table>	Bid Options		No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [•] equity shares)	Price per Equity Share (₹) / "Cut-off"			"Cut-Off" (Please ✓ tick)	Bid Price	Retail Discount	Net Price	Option 1	8 7 6 5 4 3 2 1	8 7 6 5 4 3 2 1	8 7 6 5 4 3 2 1	8 7 6 5 4 3 2 1	<input type="checkbox"/>	(OR) Option 2					<input type="checkbox"/>	(OR) Option 3					<input type="checkbox"/>	
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I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC OFFERS ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVER LEAF I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVER LEAF.																													
<b>8A. SIGNATURE OF SOLE / FIRST BIDDER</b>	<b>8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> I/We authorize the SCSB to do all acts as are necessary to make the Application in the Offer:	<b>SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)</b>																											
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Bank & Branch: <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>		<b>DECCAN HEALTH CARE LIMITED</b>																											

# NR Bid cum Application ASBA Form

<p style="text-align: center;"><b>COMMON BID CUM APPLICATION FORM</b></p>	<p><b>DECCAN HEALTH CARE LIMITED - INITIAL PUBLIC OFFER - NR</b>                  Registered Office: 247, 2nd floor, Dwarakapuri Colony, Panjagutta, Hyderabad, Telangana – 500082, India                  CIN: U72200TG1996PLC024351;                  Tel. No.: +91 040 40144508; Fax No.: NA; E-mail: investors@deccanhealthcare.co.in ; Website: www.deccanhealthcare.co.in</p>	FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIs, FIIs FPIs OR FVCI, ETC APPLYING ON A REPATRIATION BASIS																																																	
	To, <b>The Board of Directors                  DECCAN HEALTH CARE LIMITED</b>	<b>BOOK BUILT OFFER                  ISIN - INE452W01019</b>																																																	
		Bid Cum Application Form No. _____																																																	
SYNDICATE MEMBER'S STAMP & CODE	BROKER'S / SCSB / CDP / RTA STAMP & CODE	<b>1. NAME &amp; CONTACT DETAILS OF SOLE/FIRST BIDDER</b> Mr./Ms./M/s. _____  Address _____  Email _____  Tel. No.(with STD code) / Mobile _____																																																	
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK / SCSB BRANCH STAMP & CODE																																																		
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.																																																		
<b>3. BIDDER'S DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL		<b>2. PAN OF SOLE / FIRST BIDDER</b>																																																	
For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.																																																			
<b>4. BID OPTIONS (Only Retail Individual Bidders can BID at "Cut-Off"). Price band Rs. [•]</b>		<b>5. CATEGORY</b>																																																	
<table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Bid Options</th> <th rowspan="2">No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [•] equity shares)</th> <th colspan="6">Price per Equity Share (₹) / "Cut-off"</th> <th rowspan="2">"Cut-Off" (Please ✓ tick)</th> </tr> <tr> <th>Bid Price</th> <th>Retail Discount</th> <th colspan="3">Net Price</th> </tr> <tr> <th></th> <th>8 7 6 5 4 3 2 1</th> <th>8 7 6 5 4 3 2 1</th> <th>8 7 6 5 4 3 2 1</th> <th>8 7 6 5 4 3 2 1</th> <th>8 7 6 5 4 3 2 1</th> <th>8 7 6 5 4 3 2 1</th> <th></th> </tr> </thead> <tbody> <tr> <td>Option 1</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 2</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 3</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td><input type="checkbox"/></td> </tr> </tbody> </table>	Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [•] equity shares)	Price per Equity Share (₹) / "Cut-off"						"Cut-Off" (Please ✓ tick)	Bid Price	Retail Discount	Net Price				8 7 6 5 4 3 2 1	8 7 6 5 4 3 2 1	8 7 6 5 4 3 2 1	8 7 6 5 4 3 2 1	8 7 6 5 4 3 2 1	8 7 6 5 4 3 2 1		Option 1								<input type="checkbox"/>	(OR) Option 2								<input type="checkbox"/>	(OR) Option 3								<input type="checkbox"/>	<input type="checkbox"/> Retail Individual Bidder <input type="checkbox"/> Non Institutional Bidder <input type="checkbox"/> QIB	
Bid Options			No. of Equity Shares Bid (In Figures) (Bids must be in multiples of [•] equity shares)	Price per Equity Share (₹) / "Cut-off"						"Cut-Off" (Please ✓ tick)																																									
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(OR) Option 2								<input type="checkbox"/>																																											
(OR) Option 3								<input type="checkbox"/>																																											
<b>6. INVESTOR STATUS</b> <input type="checkbox"/> NRI Non-Resident Indian(s) (Repatriation basis) <input type="checkbox"/> FI Foreign Individual <input type="checkbox"/> FII FI Sub Account Corporate/Individual <input type="checkbox"/> FVCI Foreign Venture Capital Investor <input type="checkbox"/> FPI Foreign Portfolio Investor <input type="checkbox"/> OTH Others (Please Specify) _____																																																			
<b>7. PAYMENT DETAILS</b> PAYMENT OPTION : Full Payment <input checked="" type="checkbox"/>																																																			
Amount Blocked (₹ in Figures) _____ (₹ in words) _____																																																			
ASBA Bank A/c No. _____ Bank Name & Branch _____																																																			
I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC OFFERS ("GID") AND HEREBY AGREE AND CONFIRM THE BIDDERS UNDERTAKING AS GIVEN OVER LEAF I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVER LEAF.																																																			
<b>8A. SIGNATURE OF SOLE / FIRST BIDDER</b>	<b>8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</b> I/We authorize the SCSB to do all acts as are necessary to make the Application in the Offer	<b>SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)</b>																																																	
Date: _____, 2017	1) _____ 2) _____ 3) _____																																																		
TEAR HERE																																																			
	<b>DECCAN HEALTH CARE LIMITED - INITIAL PUBLIC OFFER - NR</b>	Acknowledgement Slip for Syndicate Member Broker/SCSB/CDP/RTA																																																	
		Bid Cum Application Form No. _____																																																	
		PAN of Sole / First Bidder: _____																																																	
DPID / CID	Amount Blocked (₹ in figures) _____ ASBA A/c. No. _____	Stamp & Signature of SCSB Branch																																																	
Bank & Branch	Received from Mr./Ms./M/s. _____	Telephone / Mobile _____ Email _____																																																	
DECCAN HEALTHCARE LIMITED - INITIAL PUBLIC OFFER - NR	Option 1    Option 2    Option 3																																																		
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<b>DECCAN HEALTH CARE LIMITED</b>																																																			

## **1. FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ FIRST BIDDER**

Bidders should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

- a. **Mandatory Fields:** Bidders should note that the name and address fields are compulsory and e-mail and/or telephone number/ mobile number fields are optional. Bidders should note that the contact details mentioned in the Bid cum Application Form may be used to dispatch communications (letters notifying the unblocking of the bank accounts of Applicants) in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the members of the Syndicate the Registered Broker and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.
- b. **Joint Bids:** In the case of Joint Bids, the Bids should be made in the name of the Bidders whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidders would be required in the Bid cum Application Form/Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Bidder whose name appears in the Bid cum Application Form or the Revision Form and all communications may be addressed to such Bidder and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

## **2. FIELD NUMBER 2: PAN NUMBER OF SOLE /FIRST BIDDER**

- a. PAN (of the sole/ first Bidder) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.
- b. PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids on behalf of the Central or State Government, Bids by officials appointed by the courts and Bids by Bidders residing in Sikkim ("PAN Exempted Bidders"). Consequently, all Bidders, other than the PAN Exempted Bidders, are required to disclose their PAN in the Bid cum Application Form, irrespective of the Bid Amount. A Bid cum Application Form without PAN, except in case of Exempted Bidders, is liable to be rejected. Bids by the Bidders whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- c. The exemption for the PAN Exempted Bidders is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- d. Bid cum Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- e. Bids by Bidders whose demat accounts have been "suspended for credit" are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

## **3. FIELD NUMBER 3: BIDDERS DEPOSITORY ACCOUNT DETAILS**

- a. Bidders should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form. The DP ID and Client ID provided in the Bid cum Application Form should match with the DP ID and Client ID available in the Depository database, otherwise, the Bid cum Application Form is liable to be rejected.
- b. Bidders should ensure that the beneficiary account provided in the Bid cum Application Form is active.

- c. Bidders should note that on the basis of DP ID and Client ID as provided in the Bid cum Application Form, the Bidders may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Bidders as available on the records of the depositories. These Demographic Details may be used, among other things, for sending allocation advice and for other correspondence(s) related to an Issue.
- d. Bidders are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders' sole risk.

#### **4. FIELD NUMBER 4: BID OPTIONS**

- a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Red Herring Prospectus by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least two Working Days before Bid/ Offer Opening Date in case of an IPO, and at least one Working Day before Bid/ Offer Opening Date in case of an FPO.
- b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs undertaken through the Book Building Process. Cut-Off Price: Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.
- c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders Can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.
- d) **Minimum Bid Value and Bid Lot:** The Issuer and selling shareholder in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum Bid value is within the range of above Rs. 1,00,000 The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum Bid value.
- e) **Allotment:** The Allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. Also, in case if the RII category is entitled to more than the allocated equity shares on proportionate basis, the RII category shall be allotted that higher percentage. For details of the Bid Lot, Bidders may to the RHP or the advertisement regarding the Price Band published by the Issuer.

#### **4.1 Maximum and Minimum Bid Size**

- a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Bidders and Retail Individual Shareholders must be for such number of shares, so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹ 200,000. Bids by Eligible Employees must be for such number of Equity Shares, so as to ensure that the Bid Amount less Discount (as applicable) does not exceed Rs. 500,000. However, Allotment to Eligible Employees in the Employee Reservation Portion may exceed ₹ 200,000 only in the event of an under subscription in the Employee Reservation Portion and such unsubscribed portion may be Allotted on a proportionate basis to Eligible Employees Bidding in the Employee Reservation Portion for a value in excess of ₹ 200,000, subject to the total Allotment to Eligible Employee not exceeding ₹ 500,000.

In case the Bid Amount exceeds Rs. 200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category (with it not being eligible for Discount, if any) then such Bid may be rejected if it is at the Cut-off Price.

For NRIs, a Bid Amount of up to Rs 200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ` 200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

- b) Bids by QIBs and NIIs must be for such minimum number of shares such that the Bid Amount exceeds Rs. 200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. Non-Institutional Investors and QIBs are not allowed to Bid at Cut off Price.
- c) RII may revise or withdraw their bids until Bid/ Offer Closing Date. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after Bidding and are required to pay the Bid Amount upon submission of the Bid.
- d) In case the Bid Amount reduces to Rs. 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Investors who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- e) For Anchor Investors, if applicable, the Bid Amount shall be least Rs.2500.00 lakhs. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/ Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Offer Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Offer Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.
- f) A Bid cannot be submitted for more than the Offer size.
  - I. The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
  - II. The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process.

#### **4.2 Multiple Bids**

- a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.
- b) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:
  - i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
  - ii. For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked

for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

- c) The following Bids may not be treated as multiple Bids:
  - i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Offer portion in public category.
  - ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.
  - iii. Bids by Mutual Funds, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
  - iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion.

#### **5. FIELD NUMBER 5: CATEGORY OF BIDDERS**

- a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2018 for the purpose of Bidding, allocation and allotment in the Offer are RIIs, NIIs and QIBs.
- b) An Issuer can make reservation for certain categories of Bidders as permitted under the SEBI ICDR Regulations, 2018. For details of any reservations made in the Issue, Bidders may refer to the RHP.
- c) The SEBI ICDR Regulations, 2018, specify the allocation or allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder may refer to the Red Herring Prospectus.

#### **6. FIELD NUMBER 6: INVESTOR STATUS**

- a) Each Bidder should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Offer follows the investment restrictions under applicable law.
- b) Certain categories of Bidder, such as NRIs, FPIs and FVCIs may not be allowed to Bid/apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders are requested to refer to the Red Herring Prospectus for more details.
- c) Bidders should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.
- d) Bidders should ensure that their investor status is updated in the Depository records.

#### **7. FIELD NUMBER 7: PAYMENT DETAILS**

- i. The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the Bid cum Application Form. If discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.
- ii. Bid Amount cannot be paid in cash, through money order or through postal order or through stock invest.
- iii. Bidders who Bid at Cut-off Price shall DEPOSIT the Bid Amount based on the Cap Price.
- iv. All Bidders can participate in the Offer only through the ASBA mechanism.
- v. Please note that, providing bank account details in the space provided in the Bid cum Application Form is mandatory and Applications that do not contain such details are liable to be rejected.

## **7.1 Payment instructions for Bidders**

- a. Bidders may submit the Bid cum Application Form either
  - i. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA account specified in the Bid cum Application Form, or
  - ii. in physical mode to any Designated Intermediary.
- b. Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.
- c. Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.
- d. Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- e. From one ASBA Account, a maximum of five Bid cum Application Forms can be submitted.
- f. Bidders should submit the Bid cum Application Form only at the Bidding Centre i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the RTA at the Designated RTA Locations or CDP at the Designated CDP Locations.
- g. Bidders bidding through a Designated Intermediary, other than a SCSB, should note that Bid cum Application Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit Bid cum Application Forms.
- h. Bidders bidding directly through the SCSBs should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- i. Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
- j. If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.
- k. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.
- l. Upon submission of a completed Bid cum Application Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the Bid cum Application Form in the ASBA Account maintained with the SCSBs
- m. The Bid Amount may remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Offer Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.
- n. SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.
- o. The Bid Amount may remain blocked in the aforesaid ASBA Account until finalization on the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity

Shares to the Public Offer Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Bid, as the case may be.

- p. SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

#### **7.2. Payment instructions for Anchor Investors**

- a) Anchor Investors may submit their Bids with a BRLMs.
- b) Payments by Anchor Investors are required to be made through direct credit, RTGS or NEFT
- c) The Escrow Collection Bank shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

#### **8. FIELD NUMBER 8: Unblocking of ASBA Account**

- a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful Bids transfer the requisite money to the Public Offer Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Offer Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Offer Account, and (iv) details of rejected Bids, if any, to enable the SCSBs to unblock the respective bank accounts.
- b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful Bidder to the Public Offer Account and may unblock the excess amount, if any, in the ASBA Account.
- c) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/ Offer Closing Date.
- d) In the event of withdrawal or rejection of the Bid cum Application Form and for unsuccessful Bidders, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 6 Working Days of the Bid/ Offer Closing Date.

#### **8.1. Discount (if applicable)**

- a) The Discount is stated in absolute rupee terms.
- (b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Offer may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (post Discount) is more than two lakh Rupees, the bidding system automatically considers such Bids for allocation under Non-Institutional Category. These Bids are neither eligible for Discount nor fall under RII category.

#### **8.2. Additional Payment Instruction for NRIs**

The Non-Resident Indians who intend to block funds through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.



## **9. FIELD NUMBER 9: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder is required to sign the Bid cum Application Form. Bidders should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the Bidder, then the Signature of the ASBA Account holder(s) is also required.
- (c) In relation to the Bids, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid/ amount mentioned in the Bid cum Application Form.
- (d) Bidders must note that Bid cum Application Form without signature of Bidder and /or ASBA Account holder is liable to be rejected.

## **10. FIELD NUMBER 10: ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the acknowledgment duly signed and stamped by Bid Collecting Intermediary or SCSB, as applicable, for submission of the Bid cum Application Form.
- (b) All communications in connection with Bid made in the Offer should be addressed as under:
  - i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, the Bidders should contact the Registrar to the Issue.
  - ii. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders should contact the relevant Designated Branch of the SCSB.
  - iii. Bidders may contact the Company Secretary and Compliance Officer or BRLMs in case of any other complaints in relation to the Issue.
  - iv. In case of queries relating to uploading of Bids by a Syndicate Member, the Bidders should contact the relevant Syndicate Member.
  - v. In case of queries relating to uploading of Bids by a Registered Broker, the Bidders should contact the relevant Registered Broker
  - vi. In case of Bids submitted to the RTA, the Bidders should contact the relevant RTA.
  - vii. In case of Bids submitted to the DP, the Bidders should contact the relevant DP.
- (c) The following details (as applicable) should be quoted while making any queries –
  - i. Full name of the sole or First Bidder, Bid cum Application Form number, Bidder' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on Bid.
  - ii. name and address of the Designated Intermediary, where the Bid was submitted; or

For further details, Bidder may refer to the Red Herring Prospectus and the Bid cum Application Form.

### **Instructions for filling the Revision Form**

- (a) During the Bid/ Offer Period, any Bidder (other than QIBs and NIIs, who can only revise their Bid amount upwards) who has registered his or her interest in the Equity Shares for a particular number of shares is free to revise number of shares applied using revision forms available separately.
- (b) RII may revise / withdraw their Bid till closure of the Bid/ Offer period.
- (c) Revisions can be made only in the desired number of Equity Shares by using the Revision Form.
- (d) The Bidder can make this revision any number of times during the Bid/ Offer Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the SCSB through which such Bidder had placed the original Bid.

A sample Revision form is reproduced below:

 Deccan Healthcare <small>Deliver Healthcare @ The Best</small>	To, <b>The Board of Directors                  DECCAN HEALTH CARE LIMITED</b>	<b>BOOK BUILT OFFER</b> <b>ISIN - INE452W01019</b>	Bid Cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
SYNDICATE MEMBER'S STAMP & CODE  SUB-BROKER'S/SUB-AGENT'S STAMP & CODE  BANK BRANCH SERIAL NO.	BROKER'S/SCSB/DP/RTA STAMP & CODE  ESCROW BANK / SCSB BRANCH STAMP & CODE  SCSB SERIAL NO.	<b>1. NAME &amp; CONTACT DETAILS OF SOLE/FIRST BIDDER</b> Mr./Ms./M/s <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> Address <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> Email <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> Tel. No (with STD code) / Mobile <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	
<b>2. PAN OF SOLE / FIRST BIDDER</b> <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>		<b>3. BIDDERS DEPOSITORY ACCOUNT DETAILS</b> <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL <small>For NSDL, enter 8 Digit DP ID followed by 3 Digit Client ID. For CDSL, enter 16 Digit Client ID.</small>	

**PLEASE CHANGE MY BID**

4. FROM (AS PER LAST BID OR REVISION)																					
Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of 1 equity shares)									Price per Equity Share (₹) "Cut-off" (In Figures)											
	8	7	6	5	4	3	2	1	0	0	0	0	0	0	0	0	0	0	0	0	"Cut-off" (Please ✓ tick)
Option 1																					<input type="checkbox"/>
(OR) Option 2																					<input type="checkbox"/>
(OR) Option 3																					<input type="checkbox"/>

5. TO (REVISED BID) (Only Retail individual Bidders can BID at "Cut-Off")																					
Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of 1 equity shares)									Price per Equity Share (₹) "Cut-off" (In Figures)											
	8	7	6	5	4	3	2	1	0	0	0	0	0	0	0	0	0	0	0	0	"Cut-off" (Please ✓ tick)
Option 1																					<input type="checkbox"/>
(OR) Option 2																					<input type="checkbox"/>
(OR) Option 3																					<input type="checkbox"/>

<b>6. PAYMENT DETAILS</b>	<b>PAYMENT OPTION : Full Payment</b> <input checked="" type="checkbox"/>
Additional Amount Blocked (₹ in Figures) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> (₹ in words) _____	
ASBA Bank A/c No. <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	
Bank Name & Branch <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC OFFERS ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVER LEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILING UP THE BID CUM APPLICATION FORM GIVEN OVER LEAF.

<b>7A. SIGNATURE OF SOLE / FIRST BIDDER</b>  Date: ..... 2017	<b>7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDERS (AS PER BANK RECORDS)</b> <small>I/We authorize the SCSB to avail facilities as necessary to make the application in the Offer</small> (1) _____ (2) _____ (3) _____	<b>SYNDICATE MEMBER/BROKER / SCSB / CDP / RTA STAMP (Acknowledging upload of Bid In Stock Exchange system)</b>
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TEAR HERE

 Deccan Healthcare <small>Deliver Healthcare @ The Best</small>	<b>DECCAN HEALTH CARE LIMITED - INITIAL PUBLIC OFFER - R</b>	<b>Acknowledgement Slip for Syndicate Member Broker/SCSB/CDP/RTA</b>	Bid Cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> PAN of Sole / First Bidder <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>
DPID / CLID <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>		Additional Amount Blocked (₹ in figures) <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span> ASBA A/c. No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	
Bank & Branch <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>		<b>Stamp &amp; Signature of SCSB Branch</b>	
Received from Mr./Ms. <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span> Telephone / Mobile <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span> Email <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>			

TEAR HERE

<b>DECCAN HEALTHCARE BID REVISION FORM - INITIAL PUBLIC OFFER - R</b>	Option 1    Option 2    Option 3	Stamp & Signature of Syndicate Member / Registered Broker / SCSB / CDP / RTA	Name of Sole / First Bidder
No. of Equity Shares <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>		Bid Price <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>	
Additional Amount Blocked (₹) <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>		Acknowledgment Slip for Bidder	
ASBA Bank A/c No.: <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>		Bid Cum Application Form No. <span style="border: 1px solid black; display: inline-block; width: 100px; height: 15px;"></span>	
Bank & Branch: <span style="border: 1px solid black; display: inline-block; width: 100%; height: 15px;"></span>			

## **11. FIELDS 1,2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER, PAN OF SOLE/FIRST BIDDER & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER**

Bidders should refer to instructions contained in paragraphs 1, 2 and 3 above under the heading “*Instructions for completing the Bid Form*”.

## **12. FIELDS 4 AND 5: BID OPTIONS REVISION ‘FROM’ AND ‘TO’**

(a) Apart from mentioning the revised number of shares in the Revision Form, the Bidder must also mention the details of shares applied/bid for given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form, the Bidder must still fill the details of the other two options that are not being revised, in the Revision Form. The members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs may not accept incomplete or inaccurate Revision Form.

(b) In case of revision, Bid options should be provided by Bidders in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIBs and Retail Individual Shareholders, such Bidders should ensure that the Bid Amount, subsequent to revision, does not exceed ` 200,000. In case the Bid Amount exceeds ` 200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIBs and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP. If, however, the RII does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIIs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked in case of Bidders.

## **13. PAYMENT DETAILS**

a) All Bidders are required to make payment of the full Bid Amount (less Discount, if applicable) along with the Bid Revision Form. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

b) Bidder may Issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds Rs. 200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP. If, however, the Bidder does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of Allotment, such that additional amount is required blocked and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

d) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked.

#### **14. FIELD NUMBER 7: SIGNATURES AND ACKNOWLEDGEMENTS**

Bidders may refer to instructions contained at paragraphs .8 and 9 above under the heading “*Instructions for completing the Bid Form*” for this purpose.

##### **SUBMISSION OF BIDS**

- a) During the Bid/ Offer Period, Bidders may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Managers, to register their Bid.
- b) In case of Bidders (excluding NIIs and QIBs) Bidding at Cut-off Price, the Bidders may instruct the SCSBs to block Bid Amount based on the Cap Price less Discount (if applicable).
- c) For Details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders are requested to refer to the Red Herring Prospectus.

##### **GROUNDINGS OF TECHNICAL REJECTIONS**

Bidders are advised to note that Bids are liable to be rejected inter alia on the following technical grounds:

- Amount blocked does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Bids by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- Bids at a price less than the Floor Price and Bids at a price more than the Cap Price.
- GIR number furnished instead of PAN;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Bids at Cut-Off Price by NIIs and QIBs.
- Submission of more than five Bid cum Application Forms/Application Form as through a single ASBA Account
- Bids for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the Red Herring Prospectus;
- The amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- Bids for lower number of Equity Shares than the minimum specified for that category of investors;
- Category not ticked;
- Multiple Bids as defined in the Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Bids accompanied by stock invest/ money order/ postal order/ cash/ cheque/ demand draft/ pay order;
- Signature of sole Bidder is missing;
- Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms, Bid/ Offer Opening Date advertisement and the DRHP and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms;

- In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Bids by OCBs;
- Bids by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Inadequate funds in the bank account to block the Bid Amount specified in the Bid cum Application Form/Application Form at the time of blocking such Bid Amount in the bank account;
- Bids not uploaded on the terminals of the Stock Exchanges; and
- Where no confirmation is received from SCSB for blocking of funds;
- Bids by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form /Application Form. Bids not duly signed by the sole/First Bidder.
- Bids by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Bids that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Bids by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Details of ASBA Account not provided in the Bid cum Application form

**BIDDERS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE BIDS COLLECTING INTERMEDIARIES DO NOT MATCH WITH PAN, THE DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE BID CUM APPLICATION FORM IS LIABLE TO BE REJECTED.**

#### **EQUITY SHARES IN DEMATERIALIZED FORM WITH NSDL OR CDSL**

To enable all shareholders of the Company to have their shareholding in electronic form, the Company is in the process of signing the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:

- (a) Agreement dated among January 10, 2017 NDSL, the Company and the Registrar to the Offer; and
- (b) Agreement dated August 11, 2017 among CDSL, the Company and the Registrar to the Offer.

The Company's shares bear ISIN no INE452W01019.

#### **COMMUNICATIONS**

All future communications in connection with Bids made in this Offer should be addressed to the Registrar quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the Application Collecting Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Bidders can contact the Compliance Officer or the Registrar in case of any pre Offer or post Offer related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary accounts, etc.

## DISPOSAL OF APPLICATIONS

With respect to Anchor Investors, our Company and the Selling Shareholders shall ensure dispatch of Allotment Advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants of the Bidders and submit the documents pertaining to the Allocation to the Stock Exchange (s) on the Anchor Investor Bidding Date.

In case of applicants who receive refunds through NECS, NEFT, direct credit or RTGS, the refund instructions will be given to the clearing system within 6 Working Days from the Bid/ Offer Closing Date.

Our Company and the Selling Shareholders shall ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 6 Working Days of the Bid/ Offer Closing Date.

## IMPERSONATION

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

*“Any person who—*

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

*shall be liable for action under Section 447.”*

## PROCEDURE AND TIME OF SCHEDULE FOR ALLOTMENT AND DEMAT CREDIT

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. **Bidders are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders who have been Allotted Equity Shares in the Issue.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) initiate corporate action for credit of shares to the successful Bidders Depository Account which will be completed within 4 Working Days of the Offer Closing Date. The Issuer also ensures the credit of shares to the successful Bidder depository account is completed within one Working Day from the date of Allotment, after the funds are transferred from the Public Offer Account on the Designated Date.

## BASIS OF ALLOTMENT

### a. For Retail Individual Bidders

Bids received from the Retail Individual Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Offer Price.

The Offer size less Allotment to Non-Institutional and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price. If the aggregate demand in this category is less than or equal to 20,00,400 Equity Shares at or

above the Offer Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.

If the aggregate demand in this category is greater than 20,00,400 Equity Shares at or above the Offer Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment, refer below.

**b. For Non-Institutional Bidders**

Bids received from Non-Institutional Bidders at or above the Offer Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non- Institutional Bidders will be made at the Offer Price.

The Offer size less Allotment to QIBs and Retail shall be available for Allotment to Non- Institutional Bidders who have Bid in the Offer at a price that is equal to or greater than the Offer Price. If the aggregate demand in this category is less than or equal to 20,00,400 Equity Shares at or above the Offer Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.

In case the aggregate demand in this category is greater than 20,00,400 Equity Shares at or above the Offer Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate Basis of Allotment refer below.

• **© Basis of Allotment for QIBs (other than Anchor Investors) and NIIs in case of Over- Subscribed Offer**

In the event of the Offer being Over-Subscribed, the Issuer and selling shareholders may finalize the Basis of Allotment in consultation with the Designated Stock Exchange. The allocation may be made in marketable lots on proportionate basis as set forth hereunder:

(a) The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the oversubscription ratio (number of Bidders in the category x number of Shares applied for).

(b) The number of Shares to be allocated to the successful Bidders will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).

(c) For Bids where the proportionate allotment works out to less than [●] equity shares the allotment will be made as follows:

- Each successful Bidder shall be allotted [●] equity shares; and
- The successful Bidder out of the total bidders for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.

(d) If the proportionate allotment to a Bidder works out to a number that is not a multiple of [●] equity shares, the Bidder would be allotted Shares by rounding off to the nearest multiple of [●] equity shares subject to a minimum allotment of [●] equity shares.

(e) If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the Bidders in that category, the balance available Shares or allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful Bidder in that category, the balance Shares, if any, remaining after such adjustment will be added to the category comprising Bidder applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of [●] Equity Shares, results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, up to 110% of the size of the Offer specified under the Capital Structure mentioned in this Red Herring Prospectus.

Retail Individual Investor' means an investor who applies for shares of value of not more than Rs.2,00,000/-Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with Designated Stock Exchange. In case if the Retail Individual Investor category is entitled to more than the allocated portion on proportionate basis, the Retail Individual Investor category shall be allotted that higher percentage.

The Executive Director/ Managing Director of the Designated Stock Exchange in addition to Book Running Lead Managers and Registrar to the Public Offer shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the SEBI (ICDR) Regulations.

## **GROUND FOR REFUND**

### **Non-receipt of listing permission**

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in Red Herring Prospectus/ Prospectus. The Designated Stock Exchange may be as disclosed in the Red Herring Prospectus/ Prospectus with which the Basis of Allotment may be finalised. If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Bidders in pursuance of the DRHP/Prospectus. If such money is not repaid within eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 39 of the Companies Act, 2013 and as disclosed in the Red Herring Prospectus.

### **Non-receipt of minimum subscription**

This Offer is not restricted to any minimum subscription level. This Offer is 100% underwritten. If the Issuer does not receive the subscription of 100% of the Offer through this offer document including devolvement of Underwriters, the Issuer shall forthwith without interest take steps to unblock the entire subscription amount received within six Working Days of the Bid/ Issue Closing Date and repay, without interest, all subscription amounts received from Anchor Investors. In case the issue is in nature of Offer for sale only then minimum subscription may not be applicable.

If such money is not refunded to the Bidders/Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

### **Minimum number of Allottees**

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be refunded forthwith.

## **MODE OF REFUND**

- (a) **In case of ASBA Bids:** Within six Working Days of the Bid/ Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Accounts of unsuccessful Bidders and also for any excess amount blocked on Bidding/Application.

The Registrar to the Offer may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue.

- (b) **In case of Anchor Investors:** Within six Working Days of the Bid/ Offer Closing Date may dispatch refunds for all amounts payable to unsuccessful Anchor Investors. The Registrar to the Offer may obtain from the Depositories the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their DPs. Failure to do so may



result in delays in dispatch of refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Bank, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that the refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

#### **Electronic mode of making refunds for Anchor Investors**

- i. NACH-** National Automated Clearing House is a consolidated system of ECS. Payment of refunds would be done through NACH for Anchor Investors 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 Magnetic Ink Character Recognition (MICR) code wherever applicable from the depository. The payment of refunds through NACH is mandatory for Anchor Investors 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
- ii. NEFT-** Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;
- iii. Direct Credit-** Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;
- iv. RTGS-** Anchor Investors having a bank account with a bank branch which is RTGS enabled as per the information available on the website of RBI whose refund amount exceeds Rs. 0.2 million, shall be eligible to receive refund from through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Anchor Investor's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("IFSC"). Charges, if any, levied by the Escrow Collection Bank for the same would be borne by our Company. Changes, if any, levied by the Anchor Investor's bank receiving the credit would be borne by the Anchor Investor.

Please note that refunds through the modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

#### **LETTERS OF ALLOTMENT OR REFUND ORDERS OR INSTRUCTIONS TO THE SCSBS**

The Registrar to the Offer shall give instructions for credit to the beneficiary account with depository participants within 6 Working Days from the Bid/ Offer Closing Date. In case of ASBA Bidders, the Registrar shall instruct the relevant SCSBs to, on the receipt of such instructions from the Registrar, unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the Bid cum Application Form or the relevant part thereof, for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 6 Working Days of the Bid/ Offer Closing Date.

## **INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND**

The Issuer shall allot the equity shares offered to the public within the period prescribed by the Board. The Issuer may pay interest at the rate of 15% per annum in case demat credits are not made to Bidders or instructions for unblocking of funds in the ASBA Account are not dispatched within the 6 Working days of the Bid/ Offer Closing Date.

## **UNDERTAKINGS BY THE COMPANY**

Our Company undertake as follows:

1. That the complaints received in respect of the Offer shall be attended expeditiously and satisfactorily;
2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading on stock exchange. where the Equity Shares are proposed to be listed within six working days from Offer Closure date.
3. That the funds required for making refunds as per the modes disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar and Share Transfer Agent to the Offer by our Company;
4. where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within six Working Days from the Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
5. That our Promoter's contribution in full has already been brought in;
6. That no further Offer of Equity Shares shall be made till the Equity Shares Offered through the Prospectus are listed or until the Application monies are refunded on account of non-listing, under-subscription etc.;
7. That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount while finalizing the Basis of Allotment;
8. If our Company does not proceed with the Offer after the Bid/Offer Opening Date but before allotment, then the reason thereof shall be given as a public notice to be issued by our Company within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the Pre-Offer advertisements were published. The stock exchange on which the Equity Shares are proposed to be listed shall also be informed promptly;
9. If our Company withdraws the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh Draft Red Herring Prospectus with the Stock exchange/RoC/SEBI, in the event our Company subsequently decides to proceed with the Offer;
10. If allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and applicable law for the delayed period

## **UNDERTAKING BY THE SELLING SHAREHOLDERS**

Each Selling Shareholder severally undertakes that:

- 1) The Equity Shares offered by it in the Offer have been held by it for a period of at least one year prior to the date of filing of this Red Herring Prospectus with the SEBI, and the Equity Shares proposed to be offered and sold by it are free from any lien, charge, encumbrance or contractual transfer restrictions.
- 2) it shall deposit its Equity Shares offered in the Offer in an escrow account opened with the share escrow agent at least one Working Day prior to the Bid/Offer Opening Date;

- 3) it shall not have any recourse to the proceeds of the Offer for Sale until final listing and trading approvals have been received from the Stock Exchange;
- 4) it shall take all steps and provide all assistance to our Company and the BRLM, as may be required for the completion of the necessary formalities for listing and commencement of trading at all the stock exchange where the Equity Shares are proposed to be listed within six Working Days from the Bid/Offer Closing Date of the Offer, failing which it shall forthwith repay without interest all monies received from Bidders to the extent of the Offered Shares. In case of delay, interest as per applicable law shall be paid by the Selling Shareholders;
- 5) it shall not offer, lend, pledge, charge, transfer or otherwise encumber, sell, dispose off any of the Equity Shares held by it except the Equity Shares being offered in the Offer for Sale until such time that the lock-in remains effective save and except as may be permitted under the SEBI Regulations;
- 6) it shall ensure that the Equity Shares being offered by it in the Offer, shall be transferred to the successful Bidders within the time specified under applicable law; and
- 7) it shall give appropriate instructions for dispatch of the refund orders or Allotment Advice to successful Bidders within the time specified under applicable law.
- 8) It is the legal and beneficial owner of, and has full title to their respective portion of the Offered Shares in the Offer;

#### **UTILIZATION OF THE OFFER PROCEEDS**

The Board of Directors of our Company certifies that:

1. all monies received out of the Offer shall be transferred to a separate Bank Account other than the bank account referred to in Sub-Section (3) of Section 40 of the Companies Act, 2013;
2. details of all monies utilized out of the Offer referred above shall be disclosed and continue to be disclosed till the time any part of the Offer Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
3. details of all unutilized monies out of the Offer, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
4. Our Company shall comply with the requirements of the SEBI Listing Regulations in relation to the disclosure and monitoring of the utilisation of the proceeds of the Offer.
5. Our Company and selling shareholders shall not have recourse to the Offer Proceeds until the approval for listing and trading of the Equity Shares from all the Stock Exchange where listing is sought has been received.
6. The Book Running Lead Manager undertakes that the complaints or comments received in respect of the Offer shall be attended by our Company expeditiously and satisfactory.

## **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 Foreign Exchange Management Act, 1999 (“**FEMA**”). While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Reserve Bank of India (“**RBI**”) and Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“**DIPP**”).

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment (“**FDI**”) through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India (“**DIPP**”), has issued consolidated FDI Policy Circular of 2017 (“**FDI Policy 2017**”), which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2017 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India (“**RBI**”) also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master Circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI. In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

Under the current FDI Policy of 2017, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At present our company is in the business of developing, manufacturing and marketing wellness products. These activities are listed in section 5.2.5 under the head “Manufacturing” of the FDI Policy 2017 which allows 100% foreign direct investment through automatic route subject to the provisions of FDI Policy.

In case of investment in sectors through Government Route, approval from competent authority as mentioned in Chapter 4 of the FDI Policy 2017 has to be obtained by the Company.

The transfer of shares between an Indian resident to a non-resident does not require the prior approval of the RBI, subject to fulfilment of certain conditions as specified by DIPP/RBI, from time to time. Such conditions include (i) where the transfer of shares requires the prior approval of the Government as per the extant FDI policy provided that: a) the requisite approval of the Government has been obtained; and b) the transfer of shares adheres with the pricing guidelines and documentation requirements as specified by the Reserve Bank of India from time to time. ; (ii) where the transfer of shares attract SEBI (SAST) Regulations subject to the adherence with the pricing guidelines and documentation requirements as specified by Reserve Bank of India from time to time.; (iii) where the transfer of shares does not meet the pricing guidelines under the FEMA, 1999 provided that: a) The resultant FDI is in compliance with the extant FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, etc.), reporting requirements, documentation etc.; b) The pricing for the transaction is compliant with the specific/explicit, extant and relevant SEBI regulations/guidelines (such as IPO, Book building, block deals, delisting, exit, open offer/substantial acquisition/SEBI SAST); and Chartered Accountants Certificate to the effect that compliance with the relevant SEBI regulations/guidelines as indicated above is attached to the form FC-TRS to be filed with the AD bank and iv) where the investee company is in the financial sector provided that: a) Any ‘fit and proper/due diligence’ requirements as regards the non-resident investor as stipulated by the respective financial sector regulator, from time to time, have been complied with; and b) The FDI policy and

FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, pricing, etc.), reporting requirements, documentation etc., are complied with.. As per the existing policy of the Government of India, OCBs cannot participate in this Offer and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and / or subsequent purchase or sale transaction in the Equity Shares of Our Company. Investors will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines. Our Company, the Underwriters and their respective directors, officers, agents, affiliates and representatives, as applicable, accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

#### **Investment conditions/restrictions for overseas entities**

Under the current FDI Policy 2017, the maximum amount of Investment (sectoral cap) by foreign investor in an issuing entity is composite unless it is explicitly provided otherwise including all types of foreign investments, direct and indirect, regardless of whether it has been made for FDI, FII, FPI, NRI, FVCI, LLPs, DRs and Investment Vehicles under Schedule 1, 2, 2A, 3, 6, 9, 10 and 11 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations. Any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned as foreign investment under the composite cap.

Portfolio Investment upto aggregate foreign investment level of 49 % or sectoral/statutory cap, whichever is lower, will not be subject to either Government approval or compliance of sectoral conditions, if such investment does not result in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign investments will be subject to conditions of Government approval and compliance of sectoral conditions as per FDI Policy. The total foreign investment, direct and indirect, in the issuing entity will not exceed the sectoral/statutory cap.

#### **i. Investment by FIIs under Portfolio Investment Scheme (PIS):**

With regards to purchase/sale of share/s convertible debentures by a registered FII under PIS the total holding by each FII/SEBI approved sub-account of FII shall not exceed 10 % of the total paid-up equity capital or 10% of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs/sub-accounts of FIIs put together shall not exceed 24 % of paid-up equity capital or paid-up value of each series of convertible debentures However, this limit of 24 % may be increased up to sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its general body. For arriving at the ceiling on holdings of FIIs, shares/ convertible debentures acquired both through primary as well as secondary market will be included. However, the ceiling will not include investment made by FII through off-shore Funds, Global Depository receipts and Euro-Convertible Bonds. With regard to convertible debentures, these investments permitted to be made shall not exceed 5 % of the total paid-up equity capital or 5% of the paid-up value of each series of convertible debentures issued by an Indian Company, and shall also not exceed the over-all ceiling limit of 24 % of paid-up equity capital or paid up value of each series of convertible debentures.

#### **ii. Investment by Registered Foreign Portfolio Investor (RFPI) under Foreign Portfolio Investment (FPI) Scheme**

With respect to purchase/sale of shares or convertible debentures or warrants, a RFPI registered in accordance with SEBI (FPI) Regulations, 2014 as amended in regular intervals may purchase shares or convertible debentures or warrants of an Indian company under FPI scheme. The total holding by each RFPI shall be below 10 % of the total paid-up equity capital or 10 % of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all RFPI put together shall not exceed 24 % of paid-up equity capital or paid up value of each series of convertible debentures. The said limit of 24 % will be called aggregate limit. However, the aggregate limit of 24 % may be increased up to the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution

to that effect by its General Body. For arriving at the ceiling on holdings of RFPI, shares or convertible debentures or warrants acquired both through primary as well as secondary market will be included. However, the ceiling will exclude investment made by RFPI through off-shore Funds, Global Depository Receipts and Euro-Convertible Bonds but include holding of RFPI and deemed RFPI in the investee company for computation of 24 % or enhanced limit.

### **iii. Investment by NRI on repatriation and non-repatriation basis under PIS:**

With respect to purchase/sale of shares and/or convertible debentures by a NRI on a stock exchange in India on repatriation and/or non-repatriation basis under PIS is allowed subject to certain conditions under Schedule 3 of the FEMA (Transfer or Issue of security by a person resident outside India) Regulations, 2000. Further, with regard to limits:

- the paid-up value of shares of an Indian company, purchased by each NRI both on repatriation and on non-repatriation basis, does not exceed 5 % of the paid-up value of shares issued by the company concerned;
- the paid-up value of each series of convertible debentures purchased by each NRI both on repatriation and non-repatriation basis does not exceed 5 % of the paid-up value of each series of convertible debentures issued by the company concerned;
- the aggregate paid-up value of shares of any company purchased by all NRIs does not exceed 10 % of the paid up capital of the company and in the case of purchase of convertible debentures
- the aggregate paid-up value of each series of debentures purchased by all NRIs does not exceed 10 % of the paid-up value of each series of convertible debentures;

However, the aggregate ceiling of 10 % may be raised to 24 % if a special resolution to that effect is passed by the General Body of the Indian company concerned.

### **iv. Investment by NRI on Non-repatriation basis**

As per current FDI Policy 2017, schedule 4 of FEMA (Transfer or Issue of Security by Persons Resident outside India) Regulations – Purchase and sale of shares and convertible debentures or warrants by a NRI on Non-repatriation basis – will be deemed to be domestic investment at par with the investment made by residents. This is further subject to remittance channel restrictions.

**The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (“US Securities Act”) or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of “US Persons” as defined in Regulation S of the U.S. Securities Act), except pursuant to exemption from, or in a transaction not subject to, the registration requirements of US Securities Act and applicable state securities laws.**

**Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sale occur.**

**Further, no offer to the public (as defined under Directive 2003/71/EC, together with any amendments) and implementing measures thereto, (the “Prospectus Directive”) has been or will be made in respect of the Issue in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue.**

**Any forwarding, distribution or reproduction of this document in whole or in part may be unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions and the information contained in this Red Herring Prospectus.**

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

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.

## SECTION IX – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to Schedule II TO The Companies Act and the SEBI Regulations, the main provisions of our Articles relating, inter alia, to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/ or on their consolidation/ splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalized / defined terms herein have the same meaning given to them in our Articles.

Sr. No	Particulars	
1.	No regulation contained in Table “F” in the First Schedule to Companies Act, 2013 shall apply to this Company but the regulations for the Management of the Company and for the observance of the Members thereof and their representatives shall be as set out in the relevant provisions of the Companies Act, 2013 and subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Companies Act, 2013 be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment thereto.	<b>Table F Applicable.</b>
	<b>Interpretation Clause</b>	
2.	In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context:	
	(a) "The Act" means the Companies Act, 2013 and includes any statutory modification or re-enactment thereof for the time being in force.	<b>Act</b>
	(b) "These Articles" means Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution.	<b>Articles</b>
	(c) "Auditors" means and includes those persons appointed as such for the time being of the Company.	<b>Auditors</b>
	(d) "Capital" means the share capital for the time being raised or authorized to be raised for the purpose of the Company.	<b>Capital</b>
	(e) "The Company" shall mean "DECCAN HEALTH CARE LIMITED"	<b>Company</b>
	(f) "Executor" or "Administrator" means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorizing the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator General under section 31 of the Administrator General Act, 1963.	<b>Executor or Administrat or</b>
	(g) "Legal Representative" means a person who in law represents the estate of a deceased Member.	<b>Legal Representat ive</b>
	(h) Words importing the masculine gender also include the feminine gender.	<b>Gender</b>
	(i) "In Writing" and "Written" includes printing lithography and other modes of representing or reproducing words in a visible form.	<b>In Writing and Written</b>
	(j) The marginal notes hereto shall not affect the construction thereof.	<b>Marginal notes</b>
	(k) "Meeting" or "General Meeting" means a meeting of members.	<b>Meeting or General Meeting</b>
	(l) "Month" means a calendar month.	<b>Month</b>



<b>Sr. No</b>	<b>Particulars</b>	
	(m) "Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of section 96 of the Act.	<b>Annual General Meeting</b>
	(n) "Extra-Ordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof.	<b>Extra-Ordinary General Meeting</b>
	(o) "National Holiday" means and includes a day declared as National Holiday by the Central Government.	<b>National Holiday</b>
	(p) "Non-retiring Directors" means a director not subject to retirement by rotation.	<b>Non-retiring Directors</b>
	(q) "Office" means the registered Office for the time being of the Company.	<b>Office</b>
	(r) "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto by Section 114 of the Act.	<b>Ordinary and Special Resolution</b>
	(s) "Person" shall be deemed to include corporations and firms as well as individuals.	<b>Person</b>
	(t) "Proxy" means an instrument whereby any person is authorized to vote for a member at General Meeting or Poll and includes attorney duly constituted under the power of attorney.	<b>Proxy</b>
	(u) "The Register of Members" means the Register of Members to be kept pursuant to Section 88(1) (a) of the Act.	<b>Register of Members</b>
	(v) "Seal" means the common seal for the time being of the Company.	<b>Seal</b>
	(w) Words importing the Singular number include where the context admits or requires the plural number and vice versa.	<b>Singular number</b>
	(x) "The Statutes" means the Companies Act, 2013 and every other Act for the time being in force affecting the Company.	<b>Statutes</b>
	(y) "These presents" means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time.	<b>These presents</b>
	(z) "Variation" shall include abrogation; and "vary" shall include abrogate.	<b>Variation</b>
	(aa) "Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(41) of the Act.	<b>Year and Financial Year</b>
	Save as aforesaid any words and expressions contained in these Articles shall bear the same meanings as in the Act or any statutory modifications thereof for the time being in force.	<b>Expressions in the Act to bear the same meaning in Articles</b>
	<b>CAPITAL</b>	
<b>3.</b>	The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.	<b>Authorized Capital.</b>
<b>4.</b>	The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular,	<b>Increase of capital by the Company how carried into effect</b>

Sr. No	Particulars	
	such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act.	
5.	Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.	<b>New Capital same as existing capital</b>
6.	The Board shall have the power to issue a part of authorized capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.	<b>Non Voting Shares</b>
7.	Subject to the provisions of the Act and these Articles, the Board of Directors may issue redeemable preference shares to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par, and with full power to give any person the option to call for or be allotted shares of the company either at premium or at par, such option being exercisable at such times and for such consideration as the Board thinks fit.	<b>Redeemable Preference Shares</b>
8.	The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.	<b>Voting rights of preference shares</b>
9.	<p>On the issue of redeemable preference shares under the provisions of Article 7 hereof , the following provisions-shall take effect:</p> <p>(a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;</p> <p>(b) No such Shares shall be redeemed unless they are fully paid;</p> <p>(c) Subject to section 55(2)(d)(i) the premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed;</p> <p>(d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and</p> <p>(e) Subject to the provisions of Section 55 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital</p>	<b>Provisions to apply on issue of Redeemable Preference Shares</b>

<b>Sr. No</b>	<b>Particulars</b>	
<b>10.</b>	The Company may (subject to the provisions of sections 52, 55, 66, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce (a) the share capital; (b) any capital redemption reserve account; or (c) any security premium account In any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.	<b>Reduction of capital</b>
<b>11.</b>	Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.	<b>Debentures</b>
<b>12.</b>	The Company may exercise the powers of issuing sweat equity shares conferred by Section 54 of the Act of a class of shares already issued subject to such conditions as may be specified in that sections and rules framed thereunder.	<b>Issue of Sweat Equity Shares</b>
<b>13.</b>	The Company may issue shares to Employees including its Directors other than independent directors and such other persons as the rules may allow, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorized by a Special Resolution of the Company in general meeting subject to the provisions of the Act, the Rules and applicable guidelines made there under, by whatever name called.	<b>ESOP</b>
<b>14.</b>	Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.	<b>Buy Back of shares</b>
<b>15.</b>	Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 61; Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.	<b>Consolidation, Sub-Division And Cancellation</b>
<b>16.</b>	Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue depository receipts in any foreign country.	<b>Issue of Depository Receipts</b>
<b>17.</b>	Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue any kind of securities as permitted to be issued under the Act and rules framed thereunder.	<b>Issue of Securities</b>
	<b>MODIFICATION OF CLASS RIGHTS</b>	
<b>18.</b>	(a) If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 48	<b>Modification of rights</b>

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	<p>of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.</p> <p>Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this section shall apply to such variation.</p>	
	(b) The rights conferred upon the holders of the Shares including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking paripassu therewith.	<b>New Issue of Shares not to affect rights attached to existing shares of that class.</b>
19.	Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.	<b>Shares at the disposal of the Directors.</b>
20.	The Company may issue shares or other securities in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (a) or clause (b) of subsection (1) of section 62 subject to compliance with section 42 and 62 of the Act and rules framed thereunder.	<b>Power to issue shares on preferential basis.</b>
21.	The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.	<b>Shares should be Numbered progressively and no share to be subdivided.</b>
22.	An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.	<b>Acceptance of Shares.</b>
23.	Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred,	<b>Directors may allot</b>

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	goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.	<b>shares as full paid-up</b>
24.	The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.	<b>Deposit and call etc. to be a debt payable immediately.</b>
25.	Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.	<b>Liability of Members.</b>
26.	Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind.	<b>Registration of Shares.</b>
	<b>RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT</b>	
27.	The Board shall observe the restrictions as regards allotment of shares to the public, and as regards return on allotments contained in Sections 39 of the Act	
	<b>CERTIFICATES</b>	
28.	(a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and two Directors or their attorneys and the Secretary or other person shall sign the share certificate, provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing or whole-time Director.	<b>Share Certificates.</b>

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	<p>Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.</p> <p>(b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act.</p> <p>(c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.</p>	
29.	<p>If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.50/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or rules applicable in this behalf.</p> <p>The provisions of this Article shall mutatis mutandis apply to debentures of the Company.</p>	<b>Issue of new certificates in place of those defaced, lost or destroyed.</b>
30.	<p>(a) If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company's regulations.</p>	<b>The first named joint holder deemed Sole holder.</b>
	<p>(b) The Company shall not be bound to register more than three persons as the joint holders of any share.</p>	<b>Maximum number of joint holders.</b>
31.	<p>Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.</p>	<b>Company not bound to recognise any interest in share other than that of</b>

Sr. No	Particulars	
		<b>registered holders.</b>
32.	If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.	<b>Installment on shares to be duly paid.</b>
<b>UNDERWRITING AND BROKERAGE</b>		
33.	Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.	<b>Commission</b>
34.	The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.	<b>Brokerage</b>
<b>CALLS</b>		
35.	(1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board. (2) A call may be revoked or postponed at the discretion of the Board. (3) A call may be made payable by installments.	<b>Directors may make calls</b>
36.	Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.	<b>Notice of Calls</b>
37.	A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.	<b>Calls to date from resolution.</b>
38.	Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.	<b>Calls on uniform basis.</b>
39.	The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.	<b>Directors may extend time.</b>
40.	If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall	<b>Calls to carry interest.</b>

Sr. No	Particulars	
	render it obligatory for the Board to demand or recover any interest from any such member.	
41.	If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly.	<b>Sums deemed to be calls.</b>
42.	On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.	<b>Proof on trial of suit for money due on shares.</b>
43.	Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.	<b>Judgment, decree, partial payment motto proceed for forfeiture.</b>
44.	(a) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits. (b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall mutatis mutandis apply to calls on debentures issued by the Company.	<b>Payments in Anticipation of calls may carry interest</b>
	<b>LIEN</b>	
45.	The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not)	<b>Company to have Lien on shares.</b>



Sr. No	Particulars	
	called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.	
46.	For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.	<b>As to enforcing lien by sale.</b>
47.	The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.	<b>Application of proceeds of sale.</b>
<b>FORFEITURE AND SURRENDER OF SHARES</b>		
48.	If any Member fails to pay the whole or any part of any call or installment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.	<b>If call or installment not paid, notice maybe given.</b>
49.	The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.	<b>Terms of notice.</b>

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50.	If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.	<b>On default of payment, shares to be forfeited.</b>
51.	When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members.	<b>Notice of forfeiture to a Member</b>
52.	Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.	<b>Forfeited shares to be property of the Company and maybe sold etc.</b>
53.	Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.	<b>Members still liable to pay money owing at time of forfeiture and interest.</b>
54.	The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.	<b>Effect of forfeiture.</b>
55.	A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.	<b>Evidence of Forfeiture.</b>
56.	The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.	<b>Title of purchaser and allottee of Forfeited shares.</b>
57.	Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.	<b>Cancellation of share certificate in respect of forfeited shares.</b>

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58.	In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.	<b>Forfeiture may be remitted.</b>
59.	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.	<b>Validity of sale</b>
60.	The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.	<b>Surrender of shares.</b>
<b>TRANSFER AND TRANSMISSION OF SHARES</b>		
61.	(a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee. (b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.	<b>Execution of the instrument of shares.</b>
62.	The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof. The instrument of transfer shall be in a common form approved by the Exchange;	<b>Transfer Form.</b>
63.	The Company shall not register a transfer in the Company other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.	<b>Transfer not to be registered except on production of instrument of transfer.</b>
64.	Subject to the provisions of Section 58 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, decline to register—	<b>Directors may refuse</b>

Sr. No	Particulars	
	(a) any transfer of shares on which the company has a lien. That registration of transfer shall however not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever;	<b>to register transfer.</b>
65.	If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Act or any statutory modification thereof for the time being in force shall apply.	<b>Notice of refusal to be given to transferor and transferee.</b>
66.	No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company.	<b>No fee on transfer.</b>
67.	The Board of Directors shall have power on giving not less than seven days pervious notice in accordance with section 91 and rules made thereunder close the Register of Members and/or the Register of debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.	<b>Closure of Register of Members or debenture holder or other security holders..</b>
68.	The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.	<b>Custody of transfer Deeds.</b>
69.	Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.	<b>Application for transfer of partly paid shares.</b>
70.	For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post/speed post/ courier to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.	<b>Notice to transferee.</b>
71.	(a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the shares. (b) Before recognising any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal	<b>Recognition of legal representative.</b>

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	<p>representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate</p> <p>(c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.</p>	
72.	<p>The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 72 of the Companies Act.</p>	<b>Titles of Shares of deceased Member</b>
73.	<p>Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 56 of the Act.</p>	<b>Notice of application when to be given</b>
74.	<p>Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the 'Transmission Clause'.</p>	<b>Registration of persons entitled to share otherwise than by transfer. (Transmission clause).</b>
75.	<p>Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.</p>	<b>Refusal to register nominee.</b>
76.	<p>Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.</p>	<b>Board may require evidence of transmission.</b>
77.	<p>The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or Members) to the prejudice of persons having or</p>	<b>Company not liable for disregard of</b>

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	claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.	<b>a notice prohibiting registration of transfer.</b>
78.	In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Form no. SH-4 hereof as circumstances permit.	<b>Form of transfer Outside India.</b>
79.	No transfer shall be made to any minor, insolvent or person of unsound mind.	<b>No transfer to insolvent etc.</b>
<b>NOMINATION</b>		
80.	<p>i) Notwithstanding anything contained in the articles, every holder of securities of the Company may, at any time, nominate a person in whom his/her securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013 shall apply in respect of such nomination.</p> <p>ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the securities of the Company in the manner specified under Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014</p> <p>iii) The Company shall not be in any way responsible for transferring the securities consequent upon such nomination.</p> <p>iv) If the holder(s) of the securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.</p>	<b>Nomination</b>
81.	<p>A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-</p> <p>(i) to be registered himself as holder of the security, as the case may be; or</p> <p>(ii) to make such transfer of the security, as the case may be, as the deceased security holder, could have made;</p> <p>(iii) if the nominee elects to be registered as holder of the security, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder as the case may be;</p> <p>(iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a member in respect of his security, be</p>	<b>Transmission of Securities by nominee</b>

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	<p>entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.</p> <p>Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.</p>	
	<b>DEMATERIALIZATION OF SHARES</b>	
82.	Subject to the provisions of the Act and Rules made thereunder the Company may offer its members facility to hold securities issued by it in dematerialized form.	<b>Dematerialisation of Securities</b>
	<b>JOINT HOLDER</b>	
83.	Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles.	<b>Joint Holders</b>
84.	(a) The Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.	<b>Joint and several liabilities for all payments in respect of shares.</b>
	(b) on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person;	<b>Title of survivors.</b>
	(c) Any one of two or more joint holders of a share may give effectual receipts of any dividends or other moneys payable in respect of share; and	<b>Receipts of one sufficient.</b>
	(d) only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders.	<b>Delivery of certificate and giving of notices to first named holders.</b>
	<b>SHARE WARRANTS</b>	
85.	The Company may issue warrants subject to and in accordance with provisions of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.	<b>Power to issue share warrants</b>

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<b>86.</b>	<p>(a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.</p> <p>(b) Not more than one person shall be recognized as depositor of the Share warrant.</p> <p>(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.</p>	<b>Deposit of share warrants</b>
<b>87.</b>	<p>(a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.</p> <p>(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.</p>	<b>Privileges and disabilities of the holders of share warrant</b>
<b>88.</b>	The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.	<b>Issue of new share warrant coupons</b>
<b>CONVERSION OF SHARES INTO STOCK</b>		
<b>89.</b>	<p>The Company may, by ordinary resolution in General Meeting.</p> <p>a) convert any fully paid-up shares into stock; and</p> <p>b) re-convert any stock into fully paid-up shares of any denomination.</p>	<b>Conversion of shares into stock or reconversion.</b>
<b>90.</b>	The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the shares from which the stock arose.	<b>Transfer of stock.</b>
<b>91.</b>	The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.	<b>Rights of stockholders.</b>
<b>92.</b>	Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words "share" and "shareholders" in those regulations shall include "stock" and "stockholders" respectively.	<b>Regulations</b>
<b>BORROWING POWERS</b>		
<b>93.</b>	Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board	<b>Power to borrow.</b>



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	<p>generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.</p>	
94.	<p>Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.</p>	<p><b>Issue of discount etc. or with special privileges.</b></p>
95.	<p>The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charge, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.</p>	<p><b>Securing payment or repayment of Moneys borrowed.</b></p>
96.	<p>Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.</p>	<p><b>Bonds, Debentures etc. to be under the control of the Directors.</b></p>
97.	<p>If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.</p>	<p><b>Mortgage of uncalled Capital.</b></p>
98.	<p>Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.</p>	<p><b>Indemnity may be given.</b></p>

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	<b>MEETINGS OF MEMBERS</b>	
99.	All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.	<b>Distinction between AGM &amp; EGM.</b>
100.	(a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of requisition of Members made in compliance with Section 100 of the Act, forthwith proceed to convene Extra-Ordinary General Meeting of the members	<b>Extra-Ordinary General Meeting by Board and by requisition</b>
	(b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.	<b>When a Director or any two Members may call an Extra Ordinary General Meeting</b>
101.	No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.	<b>Meeting not to transact business not mentioned in notice.</b>
102.	The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect another Director as Chairman, and if no Director be present or if all the Directors present decline to take the chair then the Members present shall elect one of the members to be the Chairman of the meeting.	<b>Chairman of General Meeting</b>
103.	No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.	<b>Business confined to election of Chairman whilst chair is vacant.</b>
104.	<p>a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.</p> <p>b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.</p> <p>c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.</p> <p>d) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.</p>	<b>Chairman with consent may adjourn meeting.</b>

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105.	In the case of an equality of votes the Chairman shall both on a show of hands, on a poll (if any) and e-voting, have casting vote in addition to the vote or votes to which he may be entitled as a Member.	<b>Chairman's casting vote.</b>
106.	Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.	<b>In what case poll taken without adjournment.</b>
107.	The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.	<b>Demand for poll not to prevent transaction of other business.</b>
<b>VOTES OF MEMBERS</b>		
108.	No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.	<b>Members in arrears not to vote.</b>
109.	Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.	<b>Number of votes each member entitled.</b>
110.	On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.	<b>Casting of votes by a member entitled to more than one vote.</b>
111.	A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, or a minor may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.	<b>Vote of member of unsound mind and of minor</b>
112.	Notwithstanding anything contained in the provisions of the Companies Act, 2013, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities	<b>Postal Ballot</b>

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	from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.	
113.	A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.	<b>E-Voting</b>
114.	<p>a) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.</p> <p>b) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.</p>	<b>Votes of joint members.</b>
115.	Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorised as mentioned in Articles	<b>Votes may be given by proxy or by representative</b>
116.	A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.	<b>Representation of a body corporate.</b>
117.	(a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable.	<b>Members paying money in advance.</b>
	(b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.	<b>Members not prohibited if share not held for any specified period.</b>
118.	Any person entitled under Article 73 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnify (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.	<b>Votes in respect of shares of deceased or insolvent members.</b>
119.	No Member shall be entitled to vote on a show of hands unless such member is present personally or by attorney or is a body Corporate present by a	<b>No votes by proxy on</b>

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	representative duly Authorised under the provisions of the Act in which case such members, attorney or representative may vote on a show of hands as if he were a Member of the Company. In the case of a Body Corporate the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such Body Corporate and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.	<b>show of hands.</b>
120.	The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time forholding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.	<b>Appointment of a Proxy.</b>
121.	An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.	<b>Form of proxy.</b>
122.	A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used.	<b>Validity of votes given by proxy notwithstanding death of a member.</b>
123.	No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.	<b>Time for objections to votes.</b>
124.	Any such objection raised to the qualification of any voter in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.	<b>Chairperson of the Meeting to be the judge of validity of any vote.</b>
	<b>DIRECTORS</b>	
125.	Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a company may appoint more than fifteen directors after passing a special resolution	<b>Number of Directors</b>
126.	A Director of the Company shall not be bound to hold any Qualification Shares in the Company.	<b>Qualification shares.</b>
127.	(a) Subject to the provisions of the Companies Act, 2013 and notwithstanding anything to the contrary contained in these Articles, the Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement (b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including	<b>Nominee Directors.</b>

Sr. No	Particulars	
	<p>receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.</p> <p>(c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.</p> <p>(d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.</p>	
128.	The Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of Office of the Original Director is determined before he so returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.	<b>Appointment of alternate Director.</b>
129.	Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting.	<b>Additional Director</b>
130.	Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director, if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, who shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.	<b>Directors power to fill casual vacancies.</b>
131.	Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof.	<b>Sitting Fees.</b>
132.	The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.	<b>Travelling expenses Incurred by Director on Company's business.</b>
<b>PROCEEDING OF THE BOARD OF DIRECTORS</b>		
133.	<p>(a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.</p> <p>(b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.</p>	<b>Meetings of Directors.</b>
134.	a) The Directors may from time to time elect from among their members a Chairperson of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, the Directors	<b>Chairperson</b>

Sr. No	Particulars	
	<p>present may choose one of the Directors then present to preside at the meeting.</p> <p>b) Subject to Section 203 of the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive Officer at the same time.</p>	
135.	<p>Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote.</p>	<p><b>Questions at Board meeting how decided.</b></p>
136.	<p>The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.</p>	<p><b>Continuing directors may act notwithstanding any vacancy in the Board</b></p>
137.	<p>Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.</p>	<p><b>Directors may appoint committee.</b></p>
138.	<p>The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.</p>	<p><b>Committee Meeting show to be governed.</b></p>
139.	<p>a) A committee may elect a Chairperson of its meetings.</p> <p>b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.</p>	<p><b>Chairperson of Committee Meetings</b></p>
140.	<p>a) A committee may meet and adjourn as it thinks fit.</p> <p>b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.</p>	<p><b>Meetings of the Committee</b></p>
141.	<p>Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director.</p>	<p><b>Acts of Board or Committee shall be valid notwithstanding defect in appointment.</b></p>
	<p><b>RETIREMENT AND ROTATION OF DIRECTORS</b></p>	

Sr. No	Particulars	
142.	Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.	<b>Power to fill casual vacancy</b>
<b>POWERS OF THE BOARD</b>		
143.	The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.	<b>Powers of the Board</b>
144.	Without prejudice to the general powers conferred by the Articles and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the Articles, it is hereby, declared that the Directors shall have the following powers, that is to say	<b>Certain powers of the Board</b>
	(1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorised to carry on, in any part of India.	<b>To acquire any property, rights etc.</b>
	(2) Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.	<b>To take on Lease.</b>
	(3) To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.	<b>To erect &amp; construct.</b>
	(4) At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.	<b>To pay for property.</b>
	(5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other	<b>To insure properties of the Company.</b>



Sr. No	Particulars	
	articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.	
(6)	To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.	<b>To open Bank accounts.</b>
(7)	To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.	<b>To secure contracts by way of mortgage.</b>
(8)	To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon.	<b>To accept surrender of shares.</b>
(9)	To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.	<b>To appoint trustees for the Company.</b>
(10)	To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.	<b>To conduct legal proceedings .</b>
(11)	To act on behalf of the Company in all matters relating to bankruptcy insolvency.	<b>Bankruptcy &amp; Insolvency</b>
(12)	To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.	<b>To issue receipts &amp; give discharge.</b>
(13)	Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realise such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name.	<b>To invest and deal with money of the Company.</b>
(14)	To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;	<b>To give Security by way of indemnity.</b>
(15)	To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.	<b>To determine signing powers.</b>

Sr. No	Particulars	
	(16) To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company.	<b>Commission or share in profits.</b>
	(17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents, that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.	<b>Bonus etc. to employees.</b>
	(18) To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the deprecation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.	<b>Transfer to Reserve Funds.</b>
	(19) To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.	<b>To appoint and remove officers and other employees.</b>
	(20) At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls	<b>To appoint Attorneys.</b>

Sr. No	Particulars	
	and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.	
	(21) Subject to Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.	<b>To enter into contracts.</b>
	(22) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees.	<b>To make rules.</b>
	(23) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.	<b>To effect contracts etc.</b>
	(24) To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.	<b>To apply &amp; obtain concessions licenses etc.</b>
	(25) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 40 of the Act and of the provisions contained in these presents.	<b>To pay commission or interest.</b>
	(26) To redeem preference shares.	<b>To redeem preference shares.</b>
	(27) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.	<b>To assist charitable or benevolent institutions.</b>
	(28) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company. (29) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 40 of the Act.	
	(30) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or	

Sr. No	Particulars	
	<p>contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 181 of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.</p>	
	<p>(31) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.</p> <p>(32) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.</p> <p>(33) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.</p> <p>(34) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.</p> <p>(35) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.</p> <p>(36) To let, sell or otherwise dispose of subject to the provisions of Section 180 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.</p> <p>(37) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.</p> <p>(38) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.</p>	
	<b>MANAGING AND WHOLE-TIME DIRECTORS</b>	
145.	<p>a) Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for</p>	<b>Powers to appoint Managing/</b>

Sr. No	Particulars	
	<p>such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.</p> <p>b) The Managing Director or Managing Directors or whole-time Director or whole-time Directors so appointed shall be liable to retire by rotation. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.</p>	<b>Whole time Directors.</b>
146.	The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.	<b>Remuneration of Managing or Whole time Director.</b>
147.	<p>(1) Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.</p> <p>(2) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.</p> <p>(3) The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.</p> <p>(4) The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.</p> <p>(5) Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.</p>	<b>Powers and duties of Managing Director or Whole-time Director.</b>

Sr. No	Particulars	
	<b>Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer</b>	
148.	<p>a) Subject to the provisions of the Act,—</p> <p>i. A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;</p> <p>ii. A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.</p> <p>b) A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.</p>	<b>Board to appoint Chief Executive Officer/ Manager/ Company Secretary/ Chief Financial Officer</b>
	<b>THE SEAL</b>	
149.	<p>(a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.</p> <p>(b) The Company shall also be at liberty to have an Official Seal in accordance with of the Act, for use in any territory, district or place outside India.</p>	<b>The seal, its custody and use.</b>
150.	The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.	<b>Deeds how executed.</b>
	<b>Dividend and Reserves</b>	
151.	<p>(1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the amounts of the shares.</p> <p>(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.</p> <p>(3) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.</p>	<b>Division of profits.</b>
152.	The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.	<b>The company in General Meeting may declare Dividends.</b>

Sr. No	Particulars	
153.	<p>a) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.</p> <p>b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.</p>	<b>Transfer to reserves</b>
154.	Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.	<b>Interim Dividend.</b>
155.	The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.	<b>Debts may be deducted.</b>
156.	No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this articles as paid on the share.	<b>Capital paid up in advance not to earn dividend.</b>
157.	All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.	<b>Dividends in proportion to amount paid-up.</b>
158.	The Board of Directors may retain the dividend payable upon shares in respect of which any person under Article has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.	<b>Retention of dividends until completion of transfer under Articles.</b>
159.	No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.	<b>No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof.</b>

Sr. No	Particulars	
160.	A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.	<b>Effect of transfer of shares.</b>
161.	Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.	<b>Dividend to joint holders.</b>
162.	<p>a) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.</p> <p>b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.</p>	<b>Dividends how remitted.</b>
163.	Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.	<b>Notice of dividend.</b>
164.	No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company.	<b>No interest on Dividends.</b>
<b>CAPITALIZATION</b>		
165.	<p>(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <p>(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and</p> <p>(b) that such sum be accordingly set free for distribution in the manner specified in clause (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.</p> <p>(2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:</p> <p>(i) paying up any amounts for the time being unpaid on any shares held by such members respectively;</p> <p>(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</p> <p>(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).</p> <p>(3) A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.</p> <p>(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.</p>	<b>Capitalization.</b>
166.	<p>(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall —</p> <p>(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and</p>	<b>Fractional Certificates.</b>



Sr. No	Particulars	
	<p>(b) generally to do all acts and things required to give effect thereto.</p> <p>(2) The Board shall have full power -</p> <p>(a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also</p> <p>(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.</p> <p>(3) Any agreement made under such authority shall be effective and binding on all such members.</p> <p>(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.</p>	
167.	<p>1) The books containing the minutes of the proceedings of any General Meetings of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 119 of the Act be determined by the Company in General Meeting and the members will also be entitled to be furnished with copies thereof on payment of regulated charges.</p> <p>2) Any member of the Company shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of any minutes referred to in sub-clause (1) hereof on payment of Rs. 10 per page or any part thereof.</p>	<b>Inspection of Minutes Books of General Meetings.</b>
168.	<p>a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.</p> <p>b) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.</p>	<b>Inspection of Accounts</b>
	<b>FOREIGN REGISTER</b>	
169.	The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers.	<b>Foreign Register.</b>
	<b>DOCUMENTS AND SERVICE OF NOTICES</b>	
170.	Any document or notice to be served or given by the Company be signed by a Director or such person duly authorised by the Board for such purpose and the signature may be written or printed or lithographed.	<b>Signing of documents &amp; notices to be served or given.</b>
171.	Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorised Officer of the Company and need not be under the Common Seal of the Company.	<b>Authentication of documents and</b>

Sr. No	Particulars	
		<b>proceedings</b> .
	<b>WINDING UP</b>	
172.	<p>Subject to the provisions of Chapter XX of the Act and rules made thereunder—</p> <p>(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.</p> <p>(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.</p> <p>(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.</p>	
	<b>INDEMNITY</b>	
173.	<p>Subject to provisions of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court.</p>	<b>Directors' and others right to indemnity.</b>
174.	<p>Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.</p>	<b>Not responsible for acts of others</b>
	<b>SECURITY</b>	
175.	(a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in	<b>Secrecy</b>

Sr. No	Particulars	
	<p>the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.</p>	
	<p>(b) No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.</p>	<p><b>Access to property information etc.</b></p>

## **SECTION X – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two (2) years before the date of filing of this Red Herring Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company located at 247, 2nd floor, Dwarakapuri Colony, Punjagutta, Hyderabad - 500082, Telangana, India from date of filing the Red Herring Prospectus with RoC to Bid Closing Date on working days from 10.00 a.m. to 5.00 p.m.

#### **Material Contracts**

1. Offer Agreement dated November 01, 2018 between our Company, the Selling Shareholders and the BRLM.
2. Registrar Agreement dated November 01, 2018 between our Company, the Selling Shareholders and Bigshare Services Private Limited, Registrar to the Offer.
3. Underwriting Agreement dated November 19, 2018 between our Company, the Selling Shareholders and Underwriter viz. BRLM
4. Share Escrow Agreement dated November 19, 2018 between our Company, the Selling Shareholders, the BRLM and the Share Escrow Agent.
5. Market Making Agreement dated November 19, 2018 between our Company, the Selling Shareholders, Market Maker and the BRLM
6. Bankers to the Offer Agreement dated November 19, 2018 amongst our Company, the BRLM, Banker(s) to the offer, the Selling Shareholders and the Registrar to the offer.
7. Tripartite agreement among the NSDL, our Company and Registrar to the Offer dated January 10, 2017
8. Tripartite agreement among the CDSL, our Company and Registrar to the Offer dated August 11, 2017
9. Syndicate Agreement dated November 19, 2018 between our Company, the BRLM, the Selling Shareholders and Syndicate Member viz. Pantomath Stock Brokers Private Limited.

#### **Material Documents**

1. Certified copies of the updated Memorandum and Articles of Association of our Company along with certificates of incorporation as amended from time to time.
2. Resolutions of the Board of Directors dated August 05, 2018 in relation to the Offer and other related matters.
3. Shareholders' resolution dated September 20, 2018 in relation to the Offer and other related matters.
4. Authorisation letter dated September 19, 2018 issued by Hitesh Patel
5. Authorisation letter dated September 19, 2018 issued by Meenakshi Gupta
6. Statement of Tax Benefits dated November 14, 2018 issued by Auditor, Keyur Shah & Co., Chartered Accountants.
7. Report of the Auditor Keyur Shah & Co., Chartered Accountants, dated October 30, 2018 on the Restated Financial Statements for the period ended on June 30, 2018 and for the financial years ended as on March 31, 2018, 2017 and 2016 of our Company.
8. Consents of Promoters, Directors, Selling Shareholders, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, Banker to the Company, Legal Advisor to the offer, the Book Running Lead Manager, Syndicate Member, Registrar to the Offer, Underwriter,

Market Maker, Bankers to the Offer, Refund Banker to the Offer to act in their respective capacities.

9. Due diligence certificate dated November 17, 2018 from Book Running Lead Manager to BSE Limited.
10. Copy of approval from BSE Limited *vide* letter dated December 07, 2018, to use the name of BSE in this offer document for listing of Equity Shares on BSE SME (SME Platform) of BSE Limited

None of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

**DECLARATION**

**DECLARATION BY SELLING SHAREHOLDERS**

I, the under signed Selling Shareholder hereby certifies that all the statements made by the Selling Shareholder in this Red Herring Prospectus about or in relation to itself in connection with the Offer for Sale, and the Equity Shares offered by me in the Offer for Sale are true and correct.

**Signed by Selling Shareholder**

Sd/-

Signed by the Selling Shareholder  
**Hitesh Patel**

Place: Hyderabad

Date: December 11, 2018

## DECLARATION BY SELLING SHAREHOLDERS

I, the under signed Selling Shareholder hereby certifies that all the statements made by the Selling Shareholder in this Red Herring Prospectus about or in relation to itself in connection with the Offer for Sale, and the Equity Shares offered by me in the Offer for Sale are true and correct.

### Signed by Selling Shareholder

Sd/-

Signed by the Selling Shareholder  
**Meenakshi Gupta**

Place: Hyderabad

Date: December 11, 2018

## DECLARATION BY THE COMPANY

We, the under signed, hereby certify and declare that, all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the regulations / guidelines issued by SEBI, as the case may be, have been complied with and no statement made in the Red Herring Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations / guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Red Herring Prospectus are true and correct.

**Signed by all the Directors of our Company**

<b>Name and Designation</b>	<b>Signature</b>
Minto Purshotam Gupta <i>Managing Director</i>	Sd/-
Yezdi Jal Batliwala <i>Chairman and Non-Executive Director</i>	Sd/-
Meenakshi Gupta <i>Whole Time Director</i>	Sd/-
Hitesh Patel <i>Non-Executive Director</i>	Sd/-
Narendra Singh <i>Independent Director</i>	Sd/-
Savita Bhutani <i>Independent Director</i>	Sd/-

Signed by Chief Financial Officer and Company Secretary & Compliance Officer of the Company

**Sd/-**  
**Purnima Bhasin**  
*Company Secretary & Compliance Officer*

**Sd/-**  
**Uttam Kumar Singh**  
*Chief Financial Officer*

Place: Hyderabad

Date: December 11, 2018



**Annexure A**

**DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED**

Sr. No	Issue Name	Issue Size (Cr)	Issue Price (Rs.)	Listing date	Opening price on listing date	+/- % change in closing price, [+/- % change in closing benchmark]-30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]-180th calendar days from listing
1.	Nakoda Group of Industries Limited	6.43	35.00	June 6, 2018	36.00	5.43% (1.12%)	19.71% (8.91%)	-18.00% (2.89%)
2.	ShreeOswal Seeds and Chemicals Limited	11.90	26.00	June 20, 2018	27.00	4.42% (1.72%)	3.85% (5.62%)	Not Applicable
3.	Priti International Limited	5.25	75.00	June 21, 2018	81.00	31.33% (2.51%)	30.67% (5.01%)	Not Applicable
4.	Accuracy Shipping Limited	35.76	84.00	June 22, 2018	88.00	24.40% (1.74%)	2.98% (3.81%)	Not Applicable
5.	Ganga Forging Limited	5.00	21.00	July 11, 2018	21.10	0.00% (4.77%)	-4.76% (-5.48%)	Not Applicable
6.	Ushanti Colour Chem Limited	11.56	60.00	August 02, 2018	64.20	17.58% (3.88%)	1.67% (-9.30%)	Not Applicable
7.	Manorama Industries Limited	64.00	188.00	October 04, 2018	190.20	-2.26% (-0.45%)	Not Applicable	Not Applicable
8.	Innovative Ideals and Services (India) Limited	12.26	40.00	October 05, 2018	43.00	215.00% (1.85%)	Not Applicable	Not Applicable
9.	Vinny Overseas Limited	10.37	40.00	October 11, 2018	40.50	11.25% (3.43%)	Not Applicable	Not Applicable
10	Shubhlaxmi Jewel Art Limited	6.51	26.00	December 04, 2018	27.10	Not Applicable	Not Applicable	Not Applicable

Sources: All share price data is from [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com)

Notes:-

1. The BSE Sensex and CNX Nifty are considered as the Benchmark Index
2. Prices on BSE/NSE are considered for all of the above calculations
3. In case the 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> day is a holiday, closing price on BSE/NSE of the previous trading day has been considered.
4. In case 30<sup>th</sup>/90<sup>th</sup>/180<sup>th</sup> days, scrips are not traded then closing price on BSE/NSE of the previous trading day has been considered.

**SUMMARY STATEMENT OF DISCLOSURE**

Financial year	Total no. of IPO	Total funds raised (Rs. Cr)	Nos of IPOs trading at discount on 30th Calendar day from listing date			Nos of IPOs trading at premium on 30th Calendar day from listing date			Nos of IPOs trading at discount on 180th Calendar day from listing date			Nos of IPOs trading at premium on 180th Calendar day from listing date		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
16-17	*23\$	195.13	-	-	5	4	4	8	-	1	5	10	1	6
17-18	**30	610.90	-	-	4	10	7	9	-	2	6	12	3	7
18-19	***21\$\$#	365.44	-	-	4	2	2	11	1	2	5	1	1	2

\*The scripts Ruby Cables Limited, Sysco Industries Limited, Lancer Containers Lines Limited, Yash Chemex Limited, Titaanium Ten Enterprise Limited, Commercial Syn Bags Limited, Shiva Granito Export Limited, Sprayking Agro Equipment Limited, Narayani Steels Limited, Nandani Creation Limited, DRA Consultant Limited, Gretex Industries Limited, Sakar Health Care Limited, Bindal Exports Limited, Mewar Hi-Tech Engineering Limited, Shashijit Infraprojects Limited, Agro Phos (India) Limited, Majestic Research Services and Solutions Limited, Maheshwari Logistics Limited, Madhav Copper Limited, Chemcrux Enterprises Limited, Manomay Tex India Limited, Oceanic Foods Limited and Euro India Fresh Foods Limited were listed on April 13, 2016, April 13, 2016, April 13, 2016, June 20, 2016, July 14, 2016, July 14, 2016, September 06, 2016, September 14, 2016, September 14, 2016, October 10, 2016, October 13, 2016, October 14, 2016, October 14, 2016, October 17, 2016, October 17, 2016, October 17, 2016, November 16, 2016 December 14, 2016, January 16, 2017, February 06, 2017, March 28, 2017, March 28, 2017, March 31, 2017 and March 31, 2017 respectively.

\*\*The scripts Bohra Industries Limited, Creative Peripherals and Distribution Limited, Panache Digilife Limited, Zota Health Care Limited, Gautam Exim Limited, Bansal Multiflex Limited, Shrenik Limited, Jigar Cables Limited, Vaishali Pharma Limited, Lexus Granito (India) Limited, Worth Peripherals Limited, R M Drip and Sprinklers Systems Limited, Shree Tirupati Balajee FIBC Limited, Innovative Tyres and Tubes Limited, Poojawestern Metaliks Limited, Airo Lam Limited, Goldstar Power Limited, IRIS Business Services Limited, Tirupati Forge Limited, Beta Drugs Limited, One Point One Solutions Limited, Astron Paper & Board Mill Limited, Shree Ram Proteins Limited and Gujarat Hy – Spin Limited, Focus Suites Solutions & Services Limited, A and M Jumbo Bags Limited, Sintercom India Limited, Mohini Health & Hygiene Limited, South West Pinnacle Exploration Limited and Macpower CNC Machines Limited were listed on April 05, 2017, April 12, 2017, April 25, 2017, May 10, 2017 July 11, 2017, July 12, 2017, July 18, 2017, July 28, 2017, August 22, 2017, August 23, 2017, September 27, 2017, October 04, 2017, October 05, 2017, October 05, 2017, October 05, 2017, October 06, 2017, October 10, 2017, October 11, 2017, October 12, 2017, October 12, 2017, December 26, 2017, December 29, 2017, February 05, 2018, February 08, 2018, February 09, 2018, February 12, 2018, February 15, 2018, February 16, 2018, February 19, 2018 and March 22, 2018 respectively.

\*\*\*The scripts of Benara Bearings and Pistons Limited, Soni Soya Products Limited, Vera Synthetic Limited, S.S. Infrastructure Development Consultants Limited, Mahickra Chemicals Limited, Akshar Spintex Limited, Softtech Engineers Limited, Innovators Façade Systems Limited, Shree Vasu Logistics Limited, Affordable Robotic & Automation Limited, Latteys Industries Limited, Nakoda Group of Industries Limited, ShreeOswal Seeds and Chemicals Limited, Priti International Limited, Accuracy Shipping Limited, Ganga Forging Limited, Ushanti Colour Chem Limited, Manorama Industries Limited, Innovative Ideals and Services (India) Limited, Vinny Overseas Limited and Shubhlaxmi Jewel Art Limited were listed on April 3, 2018, April 12, 2018, April 12, 2018, April 12, 2018, April 26, 2018, May 11, 2018, May 11, 2018, May 24, 2018, June 4, 2018, June 4, 2018, June 5,

2018, June 6, 2018, June 20, 2018, June 21, 2018, June 22, 2018, July 11, 2018, August 02, 2018, October 04, 2018, October 05, 2018, October 11, 2018 and December 04, 2018 respectively.

\$. As on 30th trading day the closing price of the scripts Ruby Cables Limited and Shashijit Infracore Limited were at par with the issue price. Hence, they are not considered for counting the number of IPOs trading at discount and premium.

\$\$ The scripts of ShreeOswal Seeds and Chemicals Limited, Priti International Limited, Accuracy Shipping Limited, Ganga Forging Limited, Ushanti Colour Chem Limited, Manorama Industries Limited, Innovative Ideals and Services (India) Limited, Vinny Overseas Limited and Shubhlaxmi Jewel Art Limited have not completed 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days, 180 Days and 30 Days respectively from the date of listing.

# As on 30<sup>th</sup> trading day the closing price of the script Ganga Forging Limited was at par with the issue price. Hence it is not considered for counting the numbers of IPOs trading at discount and premium.

**Note:** *Majestic Research Services and Solutions Limited and Ambition Mica Limited are Further Public Offerings lead managed by Pantomath Capital Advisors Private Limited in the Financial Years 2016-17 and 2017-18 respectively and the same have not been included in the above mentioned Summary Statement of Disclosure as the disclosure is limited to IPOs only.*