

<p align="center"> HON'BLE NATIONAL COMPANY LAW TRIBUNAL CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF NEULAND PHARMA RESEARCH PRIVATE LIMITED (CIN: U73100TG2012PTC080474) REGD OFF: SANALI INFO PARK, 'A' BLOCK, GROUND FLOOR, 8-2-120/113, ROAD NO 2, BANJARA HILLS HYDERABAD - 500034, TELANGAN, INDIA EMAIL: IR@NEULANDLABS.COM, WEBSITE: WWW.NEULANDLABS.COM </p>	
DAY	TUESDAY
DATE	30TH DAY OF MAY, 2017
TIME	11:30 A.M.
VENUE	HOTEL TAJ KRISHNA, SITUATED AT ROAD NO. 1, MADA MANZIL, BANJARA HILLS, HYDERABAD - 500034, TELANGANA, INDIA

NEULAND PHARMA RESEARCH PRIVATE LIMITED**(CIN: U73100TG2012PTC080474)****REGD OFF: SANALI INFO PARK, 'A' BLOCK, GROUND FLOOR, 8-2-120/113,****ROAD NO 2, BANJARA HILLS HYDERABAD - 500034, TELANGAN, INDIA****EMAIL: IR@NEULANDLABS.COM, WEBSITE: WWW.NEULANDLABS.COM****NOTICE OF THE NATIONAL COMPANY LAW TRIBUNAL CONVENED MEETING OF THE
EQUITY SHAREHOLDERS OF THE COMPANY**

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**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, BENCH, AT HYDERABAD
C.A.(CAA)NO.21/230/HDB/2017
IN THE MATTER OF COMPANIES ACT, 2013 (18 of 2013)
IN THE MATTER OF SECTIONS 230 TO 232 READ WITH SECTION 66 OF THE
COMPANIES ACT, 2013
AND
IN THE MATTER OF SCHEME OF AMALGAMATION AND ARRANGEMENT
AND
IN THE MATTER OF NEULAND LABORATORIES LIMITED
(TRANSFEREE COMPANY)
AND
NEULAND HEALTH SCIENCES PRIVATE LIMITED
(FIRST TRANSFEROR COMPANY)
AND
NEULAND PHARMA RESEARCH PRIVATE LIMITED
(SECOND TRANSFEROR COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

M/s. "Neuland Pharma Research Private Limited", a Company incorporated under the provisions of the Companies Act, 1956, bearing CIN: U73100TG2012PTC080474 and having its registered office situated at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India, represented by its Director, Dr Davuluri Rama Mohan Rao, email: ir@neulandlabs.com, Ph: 040-30211600.

....Applicant / Second Transferor Company

**NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF
NEULAND PHARMA RESEARCH PRIVATE LIMITED / APPLICANT / SECOND TRANSFEROR
COMPANY AS PER THE DIRECTIONS OF THE HON'BLE NATIONAL COMPANY LAW
TRIBUNAL**

To
The Equity Shareholders of
Neuland Pharma Research Private Limited
("The Company" or "Applicant Company / Second Transferor Company")

Notice is hereby given that by an order dated the 07th day of April, 2017, the Hyderabad Bench of the Hon'ble National Company Law Tribunal, has directed a meeting to be held of equity shareholders of Neuland Pharma Research Private Limited for the purpose of considering, and if thought fit, approving with or without modification, the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their Respective Shareholders and Creditors, by passing the following Resolution:

“RESOLVED THAT pursuant to the provisions of Section 230 to 232 read with Section 66 and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modifications, amendments, re-enactments thereof for the time being in force, the National Company Law Tribunal Rules, 2016, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the provisions of the Memorandum and Articles of Association of the Company and subject to the requisite approvals, sanctions, consents, observations, no objections, confirmations, permissions from the shareholders and creditors of the Company, the Hon’ble National Company Law Tribunal, Bench at Hyderabad or such other competent authority as may be applicable, and the confirmation, permission, sanction and approval of the other statutory / regulatory authorities, if any, in this regard and subject to such other conditions or guidelines, if any, as may be prescribed or stipulated by any such authorities, from time to time, while granting such approvals, sanctions, consents, observations, no objections, confirmations, permissions and which may be agreed by the Board of Directors of the Company, the draft “Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors” (**“Scheme”**), providing for amalgamation of Neuland Health Sciences Private Limited (the First Transferor Company) and of Neuland Pharma Research Private Limited (the Second Transferor Company) with Neuland Laboratories Limited (Transferee Company) on a going concern basis with effect from 01.04.2016 (First Day of April, Two Thousand and Sixteen) being the appointed date, as placed before the meeting and initialed by the chairman for the purpose of identification, be and is hereby approved.”

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

In pursuance of the said order and as directed therein further notice is hereby given that a meeting of equity shareholders of Neuland Pharma Research Private Limited will be held on 30th day of May, 2017, at 11:30 A.M. at Hotel Taj Krishna, situated at Road No. 1, Mada

Manzil, Banjara Hills, Hyderabad - 500034, Telangana, India, at which time and place the equity shareholders of the Company are requested to attend and vote.

Members entitled to attend and vote at the meeting, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office of the Company not later than 48 hours before the commencement of the meeting.

A copy of the Scheme of Amalgamation and Arrangement, Explanatory Statement under section 102 read with sections 230 to 232 and other applicable provisions of the Companies Act, 2013 and details & information as required under Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Valuation Report, Fairness Opinion, a Report adopted by the Board of Directors of the Company, explaining the effect of Scheme on key managerial personnel, promoters and non-promoter Shareholders of the Company, Supplementary Unaudited Accounting Statements of the Transferee Company, First Transferor Company and the Company for the period ended on 31st December, 2016, a form of Proxy and attendance slip are forming part of this notice.

Forms of proxy will also be made available at the registered office of the Company.

The Hon'ble National Company Law Tribunal, bench at Hyderabad has appointed Shri K. Phani Raju, Advocate, as the Chairman for convening the said meeting.

The above mentioned Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors, if approved by the meeting, will be subject to the subsequent approval of the National Company Law Tribunal, bench at Hyderabad.

Sd/-
K. Phani Raju,
Chairperson - Tribunal Convened
Meeting of Equity Shareholders of
Neuland Pharma Research Private Limited

Dated this the 14th day of April, 2017
Hyderabad

Notes:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS PRIOR TO THE COMMENCEMENT OF THE MEETING**
2. An Equity Shareholder or his/her Proxy is requested to bring the copy of the notice to the meeting and produce at the entrance of the meeting venue, the attendance slip duly completed and signed.
3. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.
4. No person shall be appointed as a proxy who is a minor.
5. Only registered Equity Shareholders of the Applicant Company may attend and vote (either in person or by proxy or by Authorised Representative under 113 of the Companies Act, 2013) at the meeting. The Authorised Representative of a body corporate which is a registered Equity Shareholder of the Applicant Company may attend and vote at the meeting provided a certified true copy of the resolution of the Board of Directors under Section 113 of the Companies Act, 2013 or other governing body of such body corporate authorizing such representative to attend and vote at the meeting is deposited at the Registered Office of the Applicant Company not later than 48 hours before the meeting.
6. Foreign Institutional Investors (FIIs) who are registered Equity Shareholder(s) of the Applicant Company would be required to deposit certified copies of power of attorney, authorizing the individuals named therein, to attend and vote at the meeting on its behalf. These documents must be deposited at the Registered Office of the Applicant Company not later than 48 hours before the meeting.

7. The proxy of a member blind or incapable of writing may be accepted if such member has attached his signature or mark thereto in the presence of a witness who shall add to his signature his description and address. Provided that all insertions in the proxy are in the hand writing of the witness and such witness shall have certified at the foot of the proxy that all such insertions have been made by him at the request and in the presence of the member before he attached his signature or mark.
8. The proxy of a member who does not know English may be accepted if it is executed in the manner prescribed at point no. 7 above and the witness certifies that it was explained to the member in the language known to him, and gives the member's name in English below the signature.
9. A Member or his/her Proxy is requested to bring the copy of the notice to the meeting and produce the attendance slip, duly completed and signed, at the entrance of the meeting venue.
10. Members are informed that in case of joint holders attending the meeting only such joint holder whose name stands first in the Register of Members of the Applicant Company in respect of such joint holding will be entitled to vote.
11. The notice is being sent to all members, whose names appeared in the Register of Members as on 21st day of April, 2017. This notice of the Tribunal Convened Meeting of members of the Applicant Company is also displayed / posted on the website of the Company i.e. at www.neulandlabs.com.
12. The notice of this Tribunal Convened Meeting will be sent through email to those members whose names appeared in the Register of Members as on 21st day of April, 2017 and who have opted to receive electronic communication or who have registered their email addresses with the Company.
13. The notice is available on our website, i.e. www.neulandlabs.com. Physical copy of the notice will be sent to those members who have either opted for the same or have not registered their email addresses with the Company. The members may obtain a physical copy of the notice, by sending a request to the registered office of the Company at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India, or by sending a request on the email address: ir@neulandlabs.com.

14. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to send their queries to the Company at least 7 (Seven) days before the date of the meeting, so that the information required by them may be made available at the meeting.
15. All relevant documents referred to in the accompanying Explanatory Statement are open for inspection at the registered office of the Company on all working days (except on Saturdays, Sundays and Public holidays) between 2:00 PM to 05:00 PM up to 26th day of May, 2017.
16. The members of the Company, holding shares as on 21st day of April, 2017, being the cut-off date, may cast their vote (for or against) through Poll at the Tribunal Convened Meeting on 30th day of May, 2017 at 11:30 AM.

Sd/-
K. Phani Raju,
Chairperson - Tribunal Convened
Meeting of Equity Shareholders of
Neuland Pharma Research Private Limited

Dated this the 14th day of April, 2017
Hyderabad

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, BENCH, AT HYDERABAD
C.A.(CAA)NO.21/230/HDB/2017

IN THE MATTER OF COMPANIES ACT, 2013 (18 of 2013)
IN THE MATTER OF SECTIONS 230 TO 232 READ WITH SECTION 66 OF THE
COMPANIES ACT, 2013

AND

IN THE MATTER OF SCHEME OF AMALGAMATION AND ARRANGEMENT

AND

IN THE MATTER OF NEULAND LABORATORIES LIMITED
(TRANSFeree COMPANY)

AND

NEULAND HEALTH SCIENCES PRIVATE LIMITED
(FIRST TRANSFEROR COMPANY)

AND

NEULAND PHARMA RESEARCH PRIVATE LIMITED
(SECOND TRANSFEROR COMPANY)

AND

THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

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

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

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

3. The Board of Directors of the Company at its meeting held on 04.11.2016, authorized, empowered and directed Dr. D. R. Rao, Mr. D Sucheth Rao and Mr. D Saharsh Rao Directors of the Company severally to file the Scheme along with necessary documents by making application, petition etc., with the NCLT and with such other authorities as may be required for taking their approval to the Scheme and further authorized, empowered and directed them to take all such necessary steps and actions to give effect to the provisions of the Scheme.
4. Since the Transferee Company is a listed Company having its shares listed and trades on BSE Limited and National Stock Exchange of India Limited, a copy of the Scheme was filed with the BSE Limited, the National Stock Exchange of India Limited and the Securities and Exchange Board of India for obtaining their approval to the Scheme of Amalgamation and Arrangement on 11th day of November, 2016.
5. The Transferee Company received the Observation Letters on the Scheme of Amalgamation and the Arrangement from the BSE Limited and the National Stock Exchange of India Limited on 20th day of January, 2017.
6. Meanwhile, the provisions relating to the amalgamations, restructurings, reduction of capital etc., i.e. sections 230 to 232 of the Companies Act, 2013 (corresponding sections to sections 391 to 394 of the Companies Act, 1956) and section 66 of the Companies Act, 2013 (corresponding sections to sections 100 to 104 of the Companies Act, 1956), were notified by the Ministry of Corporate Affairs vide MCA notification dated 07th day of December, 2016 and as result of such notification the provisions of sections 391 to 394 and 100 to 104 of the Companies Act, 1956 relating to amalgamations, restructurings, reduction of capital etc., got rescinded and consequently the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland

Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors (“Scheme”) that was approved by the Board at its meeting held on 04.11.2016, in terms of sections 391 to 394 read with section 100 of the Companies Act, 1956, required certain changes in view of the new provisions of sections 230 to 232 and 66 of the Companies Act, 2013.

7. The changes that were carried out to the Scheme are:
 - a) There is no concept of effective date as such in the new provisions and hence the provisions relating to the effective date contained in the Scheme were removed. The appointed date will only be the effective date as per new provisions.
 - b) The Scheme has to be filed with the National Company Law Tribunal (NCLT) instead of High Court since the powers of sanctioning the Scheme are vested with the NCLT as per new provisions and hence the words “High Court / Court” mentioned in the Scheme were replaced with the words “NCLT / Tribunal”.
8. The Board of Directors of the Company took note of the modifications made to the Scheme in view of the notification of sections 230 to 232 and section 66 of the Companies Act, 2013 (corresponding sections to sections 391 to 394 and sections 100 to 104 of the Companies Act, 1956) by passing a resolution by way of circulation on 01.03.2017 (First day of March, Two Thousand and Seventeen).
9. An application vide **C.A.(CAA) NO.21/230/HDB/2017** was made to the Hon’ble National Company Law Tribunal, Bench at Hyderabad, by the Company for obtaining the sanction of the Tribunal to the Scheme of Amalgamation and Arrangement under sections of section 230 to 232 read with section 66 of the Companies Act, 2013, on 29th day of March, 2017.
10. The C.A.(CAA)NO.21/230/HDB/2017, was allowed by the Hon’ble National Company Law Tribunal, Bench at Hyderabad on the 07th day of April, 2017 and pursuant to the Order dated 07th day of April, 2017, passed by the Hon’ble Tribunal in the C.A.(CAA)NO.21/230/HDB/2017, filed by the Second Transferor Company, a meeting of the Equity Shareholders of the Neuland Pharma Research Private Limited (Second Transferor Company) is being convened by the Second Transferor Company on Tuesday, the 30th day of May, 2017, at 11:30 A.M. at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034, a meeting of the Compulsory Convertible Cumulative Preference Shareholder of the Neuland Pharma Research Private Limited (Second Transferor Company) is being convened by the Second Transferor

Company on Tuesday, the 30th day of May, 2017, at 12:00 noon, at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034 and a meeting of the Trade Creditors of the Neuland Pharma Research Private Limited (Second Transferor Company) is being convened by the Second Transferor Company on Saturday, the 10th day of June, 2017, at 02:30 P.M. at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034, for the purpose of considering, and, if thought fit, approving with or without modification(s), the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors.

11. Similar applications vide C.A. (CAA)NO.22/230/HDB/2017 and C.A.(CAA)NO.20/230/HDB/2017) were made to the Hon'ble National Company Law Tribunal, Bench at Hyderabad by Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) respectively for obtaining the sanction of the Tribunal to the Scheme of Amalgamation and Arrangement under sections 230 to 232 read with section 66 of the Companies Act, 2013, on 29th day of March, 2017.
12. The C.A.(CAA) NO.22/230/HDB/2017, was allowed by the Hon'ble National Company Law Tribunal, Bench at Hyderabad on the 07th day of April, 2017 and pursuant to the Order dated 07th day of April, 2017, passed by the Hon'ble Tribunal, in the C.A.(CAA) NO.22/230/HDB/2017, filed by the Transferee Company, a meeting of the Equity Shareholders of the Neuland Laboratories Limited is being convened on Tuesday, the 30th day of May, 2017, at 03:30 P.M. at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034, Telangana, India and a meeting of the Trade Creditors of the Neuland Laboratories Limited is being convened on Saturday, the 10th day of June, 2017, at 03:00 P.M. at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034, Telangana, India, for the purpose of considering, and, if thought fit, approving with or without modification(s), the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors.

13. The C.A.(CAA)NO.20/230/HDB/2017, was allowed by the Hon'ble National Company Law Tribunal, Bench at Hyderabad on the 07th day of April, 2017 and pursuant to the Order dated 07th day of April, 2017, passed by the Hon'ble Tribunal in the C.A.(CAA)NO.20/230/HDB/2017, filed by the First Transferor Company, a meeting of the Equity Shareholders of the Neuland Health Sciences Private Limited (First Transferor Company) is being convened by the First Transferor Company on Tuesday, the 30th day of May, 2017, at 10:30 AM, at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034 and a meeting of the Trade Creditors of the Neuland Health Sciences Private Limited (First Transferor Company) is being convened by the First Transferor Company on Saturday, the 10th day of June, 2017, at 02:00 P.M. at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034, for the purpose of considering, and, if thought fit, approving with or without modification(s), the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors.

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

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

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

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

- a) To undertake and provide research, investigation, development, manufacturing, marketing and related services in the areas of fine chemicals, active ingredients and intermediates catering to various industries including but not limited to healthcare, pharmaceuticals, diagnostics and agriculture and healthcare.
- b) To undertake and provide services related to drug discovery and development, including but not limited to clinical research, testing and diagnostics and to undertake development of finished dosage formulations as a service under contract.
- c) To undertake, set up, assist, pursue, apply, develop, provide, deal, use, facilitate, act in India or anywhere in the world as consultant engineer, expert, technical, industrial consultants, advisors and to provide technical know-how, render advice on planning development, research design, plant operation in biosciences, biotechnology, life sciences, natural sciences, physical sciences, chemical sciences, to make feasibility studies, assist in acquisition and concern of plant and machinery to provide procurement, construction and technical services and to render such other services as are usually rendered by consultants for and in connection with the management, manufacture, production, processing of internet based services, IT products, engineering, technical, scientific, instruments, aids, apparatus, goods and any other allied products in all types of industries, management consultants and to provide services of data processing and modern management sciences in India and abroad.
- d) To give franchisees, right to use technologies so developed, Research & Development plants and equipment for commercial exploration to other persons / parties and receive royalties, fees, consideration for the same in India and abroad.
- e) To establish, provide, maintain and conduct or otherwise subsidize research laboratories and experimental workshops for scientific and technical research and experiments, and to and carry on with all scientific and technical research and experiments and tests of all kinds and to promote studies and research both scientific and technical investigations invention, by providing subsidizing endowing

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

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

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

14.5 Details of Promoters of Second Transferor Company:

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

14.6 Details of directors of Second Transferor Company:

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

Mr. Davuluri Sucheth Rao	00108880	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad- 500033	Director	23/04/2012
Mr. Davuluri Saharsh Rao	02753145	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad- 500033	Director	23/04/2012
Mr. Tirunelveli Padmanabhan Devarajan	03473633	10-3-152 (New No 38 ST, No 2) East Marredpally, Secunderabad 500026	Director	07/12/2012
Mr. Viswanath Venkata Subrahmanya Anjaneya Chibrolu	01556254	Flat No 302, Chaitanya Estates, Motinagar X Roads, Hyderabad- 500018	Alternate Director	07/12/2012

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

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

14.8 None of the Directors voted against the resolution.

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

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

14.11 Neuland Laboratories Limited was originally incorporated as a Private Limited Company under the name and style “Neuland Laboratories Private Limited” on

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

14.12 The Transferee Company is a Listed Company having its shares listed and traded on BSE Limited bearing BSE Scrip Code 532406 and on National Stock Exchange of India Limited bearing symbol “NEULANLAB”.

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

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

- a) To manufacture, sell, buy, import, export, distribute all kinds of basic drugs and pharmaceuticals including tablets, injectables, syrups, powders, ointments, aerosols, capsules and liquids for human consumption.
- b) To manufacture, sell, buy, import, export, distribute all kinds of basic drugs and pharmaceuticals for veterinary use.
- c) To buy, sell, import, export, manufacture and treat and deal in all kinds of chemicals, biologicals, cosmetics, insecticides, agrochemicals, pesticides hormones, medicated soaps and foods.

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

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

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

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

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

only) to Rs.8,95,48,890/- (Rupees Eight Crore Ninety Five Lakh Forty Eight Thousand Eight Hundred and Ninety only).

14.16 Details of promoters of Transferee Company:

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

14.17 Details of directors of Transferee Company:

Full Name	DIN	Present Address	Designation	Date of Appointment
Dr. Ramamohan Rao Davuluri	00107737	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad- 500033	Chairman & Managing Director	07/01/1984
Mr. Davuluri Sucheth Rao	00108880	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad- 500033	Vice Chairman & CEO	29/07/2003
Mr. Davuluri Saharsh Rao	02753145	Plot No.378, Road No.10, Shaikpet, Jubilee Hills, Hyderabad- 500033	Joint Managing Director	01/06/2009
Mr. Humayun Dhanrajgir	00004006	F 37/38, Dhanraj Mahal, CSM Road Apollo, Bunder, Mumbai - 400039	Director	23/08/1994
Mr. Parampally Vasudeva Maiya	00195847	106 -Sowmya Springs, Dewan M Rao Road, Basavanagudi ,Bangalore- 560004	Director	24/07/1999
Dr. William Gordon Mitchell	02222567	120, Hotelling Court, Chapel Hill, NC 27514 US	Director	23/05/2008
Dr. Christopher Michael Cimarusti	02872948	16, Winged Foot DR. Manalapan, NJ 07726 US	Director	20/10/2009
Mrs. Bharati Rao	01892516	308, Kumar Paradise, BP Wadia Road, Bangalore 560004	Director	09/05/2014

Dr. Nirmala Srinivasa Murthy	00734866	No. 355 1st E Cross BSK, 3rd Stage, 6th Block, Phase 2, Bangalore 560085	Director	08/05/2015
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14.18 Name of the Directors of Neuland Laboratories Limited (Transferee Company) who voted in favor of the Resolution approving the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors at the meeting of the Board of Directors of the Company held on 04.11.2016:

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

14.19 None of the Directors voted against the resolution. Dr. William Gorden Mitchell and Mrs. Bharati Rao, Directors of the Transferee Company, did not participate in the said Meeting.

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

14.21 Both the aforesaid Unsecured Creditors have given their respective consent by way of individual affidavits to the Scheme stating that they are aware of the Scheme of Amalgamation and Arrangement and that they do not have any objection to the proposed Scheme of Amalgamation and Arrangement between Neuland Laboratories

Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors. The Hon'ble Tribunal vide its order dated 07th day of April, 2017, has dispensed with the requirement of convening the meeting of the Unsecured Creditors of the Company since both the Unsecured Creditors have furnished their consent to the Scheme.

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

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

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

- a) To undertake and provide research, investigation, development, manufacturing, marketing and related services in the areas of fine chemicals, active ingredients and intermediate catering to various industries including but not limited to healthcare, pharmaceuticals, diagnostics and agriculture and healthcare.
- b) To undertake and provide services related to drug discovery and development, including but not limited to clinical research, testing and diagnostics and to undertake development of finished dosage formulations as a service under contract.

- c) To undertake, set up, assist, pursue, apply, develop, provide, deal, use, facilitate, act in India or anywhere in the world as consultant engineer, expert, technical, industrial consultants, advisors and to provide technical know-how, render advice on planning, development, research design, plant operation in biosciences, biotechnology, life sciences, natural sciences, physical sciences, chemical sciences, to make feasibility studies, assist in acquisition and concern of plant and machinery to provide procurement, construction and technical services and to render such other services as are usually rendered by consultants for and in connection with the management, manufacture, production, processing of internet based services, IT products, engineering, technical, scientific, instruments, aids, apparatus, goods and any other allied products in all types of industries, management consultants and to provide services of data processing and modern management sciences in India and abroad.
- d) To give franchisees, right to use technologies so developed, Research & Development plants and equipment for commercial exploration to other persons / parties and receive royalties, fees, consideration for the same in India and abroad.
- e) To establish, provide, maintain and conduct or otherwise subsidize research laboratories and experimental workshops for scientific and technical research and experiments, and to and carry on with all scientific and technical research and experiments and tests of all kinds and to promote studies and research both scientific and technical investigations invention, by providing subsidizing endowing or assisting laboratories, workshops, libraries, lectures, meetings, and conferences and by providing for remuneration of scientific and technical professors or teachers and by-providing for the award of scholarships, prizes and grants to the students or otherwise and generally to encourage, promote, and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any of the business which the company is authorised to carry on and to carry on scientific and technical researches, experiments and tests of all kinds for and on behalf of Government, semi-Government bodies and for others.

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

Share Capital	Amount in Rs.	Amount in Rs.
Authorized Capital		

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

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

14.27 Details of Promoters of First Transferor Company:

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

14.28 Details of directors of First Transferor Company:

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

14.29 Name of the Directors of Neuland Health Sciences Private Limited (First Transferor Company) who voted in favor of the Resolution approving the Scheme of Amalgamation and

Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors at the meeting of Board of Directors the Company held on 04.11.2016:

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

14.30 None of the Directors voted against the resolution.

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

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

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

1. The Transferee Company is a manufacturer of active pharmaceutical ingredients (“APIs”) and advanced intermediates and is a solution provider for the pharmaceutical industry for chemistry related services.
2. The First Transferee Company is in the business of conducting research and development on synthesis of Peptides and Peptide building blocks and marketing of Peptides. The Transferee Company is the exclusive peptide manufacturer for the First Transferor Company.
3. The First Transferor Company is a contract research and marketing services company providing Custom Manufacturing Solutions (“CMS”) to its customers with a focus on regulated markets. The Research and Development facility of the Second Transferor

Company has been successfully inspected and classified acceptable by the USFDA in February 2016.

4. The First Transferor Company, the Second Transferor Company and the Transferee Company, as a Group, provide end-to-end solutions for chemistry related services from synthesis of early stage clinical molecules to supply of API and intermediates at various clinical phases up to commercial scale.
5. The businesses being carried on by all these three companies are synergistic and are complementary to each other. Given the nature of consolidation in the pharmaceutical industry, there is a huge opportunity for cross-selling of the products and services of the First Transferor Company and the Second Transferor Company along with that of the Transferee Company which is expected to further enhance the value for the stakeholders of all the companies.
6. The combined entity (i.e. the Transferee Company), with its strong financials, will have greater access to sources of funds, a better credit rating, improved cash flows, increased net worth, thereby expected to strengthen the value of all the stakeholders of the companies involved.
7. Therefore, the proposed Amalgamation is expected to:
 - a) Facilitate seamless coordination between the Research and Development ("R&D") facilities and manufacturing activities leading to greater leverage in operations, planning, process, product life cycle management, new product development and product optimization and enhanced flexibility in operations in the combined entity.
 - b) Lead to the benefits of synergetic advantages particularly in view of the fact that the companies involved in the amalgamation are engaged in the businesses, which are akin and can be conveniently merged for mutual benefit further leading to improved organizational capability and leadership, arising from the pooling of resources and expertise that has the diverse skills talent and vast experience to compete successfully in an increasingly competitive industry.
 - c) Result in consolidation of intellectual properties, R&D capabilities and physical infrastructure into one combined entity including an opportunity to avail additional tax benefits for in house R&D.

- d) Result in cost savings from utilizing the combined facilities of all the three entities with more focus on operational efforts, rationalization, standardization and simplification of business processes, productivity improvements, elimination of intercompany transactions costs, usage of common resource pool like human resource, administration, accounts, legal and other related functions leading to elimination of duplication and rationalization of administrative expenses and reduction of compliance costs.
 - e) Result in operational convenience in terms of execution of contracts and provision of related services.
 - f) Improve relationship with customers, as the combined entity, post amalgamation would become an end-to-end API solution provider.
8. In order to achieve the objectives as mentioned in the abovementioned clauses, the Board of Directors of all the three companies have proposed to consolidate the First Transferor Company, the Second Transferor Company and the Transferee Company as a single company by amalgamating the First Transferor Company, and the Second Transferor Company into the Transferee Company.
9. The amalgamation will build a stronger and sustainable business and enhance the potential for future growth and the Scheme of Amalgamation would be beneficial and in the best interests of the shareholders, creditors, customers, suppliers, employees and other stakeholders of all the companies.

16. SCOPE OF THE SCHEME

The Scheme of Amalgamation and Arrangement provides for:

- 1 Amalgamation of the First Transferor Company, and the Second Transferor Company into the Transferee Company.
- 2 Consequent issue of equity shares to the shareholders of each of the Transferor Companies pursuant to the provisions of sections 230 to 232 of the Companies Act, 2013 and rules issued thereunder to the extent applicable.
- 3 All the shareholders of each of the Transferor Company shall become the shareholders of the Transferee Company by virtue of the merger.

- 4 The reorganization of the authorised share capital of the Transferor Companies and Transferee Company.
- 5 The transfer of the Transferor Companies will be on a going concern basis.
- 6 Various other matters consequential to or otherwise integrally connected with the above in the manner provided for in the Scheme.
- 7 This Scheme of Amalgamation and Arrangement has been drawn up to comply with the conditions as specified under section 2(1B) of Income Tax Act, 1961.

17. SALIENT FEATURES OF THE SCHEME

- a) This Scheme of Amalgamation and Arrangement is presented under Sections 230 to 232 read with sections 66 and other applicable provisions of the Companies Act, 2013, and provides for the amalgamation of Neuland Health Sciences Private Limited (**First Transferor Company**) and Neuland Pharma Research Private Limited (**Second Transferor Company**) into Neuland Laboratories Limited (**Transferee Company**) and the consequent issue of equity shares by Neuland Laboratories Limited to the Shareholders of Neuland Health Sciences Private Limited and Neuland Pharma Research Private Limited as consideration for the above said amalgamation, as more specifically stated hereinafter. The Scheme also provides for various other matters consequential to, or otherwise integrally connected with the above, as more specifically stated hereinafter.
- b) **“Appointed date”** means **01.04.2016 (First day of April, Two Thousand and Sixteen)** or such other date as may be approved by the Hon’ble National Company Law Tribunal at Hyderabad or such other competent authority having jurisdiction to sanction the Scheme. The Appointed Date shall be the effective date and the Scheme shall be deemed to be effective from the Appointed Date.
- c) The Amalgamating Undertaking of the Transferor Companies shall, under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act, without any further act or deed (save as provided in clauses) be transferred to and vested in or be deemed to be transferred to and vested in the Transferee Company on a going concern basis so as to become the undertaking of the Transferee Company and to vest in the Transferee Company all the rights, title, interest or obligations of the Transferor Companies therein.

- d) All the immovable properties of the Transferor Companies as more specifically provided in the Schedule of the Scheme shall under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the properties of the Transferee Company.
- e) All the movable assets including but not limited to computers and equipment, office equipment, machineries, telephones, telexes, facsimile connections and installations and utilities, softwares, copyrights, patents, trade names, trademarks, track record, good-will, products, websites, portals, inventories, insurance policies, cash in hand, advances, receivables, deposits, bank balances, accounts and all other rights, of the Transferor Companies capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company.
- f) In respect of movables other than those specified in sub clause (b) above, including, outstanding loans and advances, Investments (whether current or non - current), trade receivables, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and /or be deemed to be transferred to and stand vested in the Transferee Company under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act.
- g) In relation to all licenses, pharma licenses, drug licenses , product registrations, franchises, permissions, approvals, consents, entitlements, sanctions, permits, rights, privileges and other licenses including rights arising from contracts, deeds, license instruments and agreements, if any, belonging to the Transferor Companies, which require separate documents of transfer including documents for attornment or endorsement, as the case may be, the Transferee Company will execute the necessary documents of transfer including documents for attornment or endorsement, as the case maybe, as and when required.
- h) All secured and/or unsecured debts, if any, all liabilities, duties and obligations of every kind, nature, description, whether or not provided for in the books of account and whether disclosed or undisclosed in the balance sheets of the Transferor

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

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

- i) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed (including credit on account of tax on book profits, sales tax, excise duty, custom duty, service tax, value added tax and other incentives), granted by any government body, local authority or by any other person and availed by the Transferor Companies, the same shall vest with and be available to the Transferee Company on the same terms and conditions.
- j) The Transferee Company shall be entitled to the benefit of all insurance policies which have been issued in respect of the Transferor Companies, and the name of the Transferee Company shall be substituted in such policies.
- k) The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Companies, to implement and carry out all formalities and compliances, if required, referred to above.
- l) All the properties or assets of the Transferor Companies whether movable or immovable, being transferred pursuant to this Scheme, which are registered and standing in the name of Transferor Companies shall, upon the scheme being sanctioned by the Tribunal and becoming effective, be registered in the name of the Transferee Company and the name of the Transferor Companies shall be substituted with the name of the Transferee Company in all such certificates of registration,

endorsements, records and in revenue/mutation records in case of immovable properties by such appropriate authorities.

- m) On the Scheme coming into effect, all staff, workmen and employees of the Transferor Companies in service on the date of sanction of this Scheme by the Tribunal shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the date of sanction of this Scheme by the Tribunal without any break in their service and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to the Transferor Companies on the date of sanction of this Scheme by the Tribunal.
- n) As an integral part of the Scheme, the face value of 1 (One) equity share of First Transferor Company amounting to Rs.100/- (Rupees One Hundred only) shall be subdivided into face value of Rs.10/- (Rupees Ten only) comprising 10 (Ten) equity shares of First Transferor Company.
- o) As an integral part of the Scheme, all outstanding 0.001% Compulsorily Convertible Cumulative Preference Shares of Rs.10/- (Rupees Ten only) each of the Second Transferor Company shall be converted to equity shares Rs.10/- (Rupees Ten only) each.
- p) As an integral part of the Scheme, the authorised share capital of the Transferee Company of which there is a component of preference share capital of 3,00,000 Cumulative redeemable preference shares of Rs.100/- (Rupees One Hundred only) each aggregating Rs.3,00,00,000/- and 3,00,000 Cumulative or Non-cumulative and redeemable or otherwise preference shares of Rs.100/- (Rupees One Hundred only) each aggregating Rs.3,00,00,000/- shall be converted into 60,00,000 (Sixty Lakhs) equity shares of Rs.10/- (Rupees Ten only) each aggregating Rs.6,00,00,000/- (Rupees Six Crores only).
- q) Upon sanction of the Scheme by the Tribunal, **Clause V** of the Memorandum of Association of the Transferee Company (relating to the Authorized Share Capital) shall, without any further act, instrument or deed, or payment of any fees, stamp duty or levies, including fee payable to Registrar of Companies, stand altered, modified and amended pursuant to Sections 13, 61, 64 of the Companies Act, 2013 and Section 394 of the Companies Act, 1956 and other applicable provisions of the

Act, as the case may be, in the manner set out below and be replaced by the following clause:

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

- r) Upon sanction of this Scheme by the Tribunal and in consideration of transfer and vesting of the Amalgamating Undertaking of the Transferor Companies to the Transferee Company in terms of provisions of the Scheme, the Transferee Company shall, without any further application or deed, issue and allot equity share(s) to the members of the Transferor Companies whose names appear in the Register of members as on Record Date, in the following ratio (**“Share Exchange Ratio”**):
- Without giving effect to Clause 9 of the Scheme:
 - (a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of First Transferor Company of Rs.100/- each fully paid-up based;
 - (b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.
 - After giving effect to Clause 9 of the Scheme:
 - (a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 1000 (One Thousand Only) equity shares of First Transferor Company of Rs.10/- each fully paid-up.
 - (b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.

- s) Since the First Transferor Company is the Holding Company of the Transferee and the Second Transferor Company, upon sanction of this Scheme by the Tribunal, the inter-company shareholdings will be cancelled and there will be no issue of shares by the Transferee Company to the extent of the number of shares held by the First Transferor Company in Transferee Company and in the Second Transferor Company and the shares held by the First Transferor Company in the Transferee Company and in the Second Transferor Company, shall stand cancelled.
- t) Upon sanction of this Scheme by the Tribunal, the equity shares of the Transferee Company held by the First Transferor Company shall stand cancelled. Accordingly, face value of such shares would be reduced from the paid up capital of the Transferee Company. Further, book value of such investment held in First Transferor Company over the face value of these shares shall be adjusted against the reserves of the Transferee Company.
- u) The First Transferor Company is holding 45,90,608 (Forty Five Lakh Ninety Thousand Six Hundred and Eight) fully paid up equity shares of Rs.10/- (Rupees Ten only) each in the paid up share capital of the Transferee Company. Upon sanction of this Scheme by the Hon'ble Tribunal and other appropriate authorities, the paid up share capital of the Transferee Company will be reduced to the extent of the nominal value of the equity shares held by the First Transferor Company in the share capital of the Transferee Company as an integral part of the Scheme. The total amount of such reduction in the paid up capital of the Transferee Company is Rs.4,59,06,080/- (Rupees Four Crore Fifty Nine Lakh Six Thousand and Eighty only).
- v) In case any shareholder's holding in the Transferor Companies is such that the shareholder becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such shareholder but shall round off the fractional share, if any, that may arise due to the implementation of clause 12.1 of the Scheme, to the nearest higher/ lower Integer.
- w) This Scheme is conditional upon and subject to:
 - (i) In-principle approval / Observation Letter from the Stock Exchanges being obtained.
 - (ii) The Scheme being approved by a shareholders resolution of the Transferee Company passed by way of postal ballot and e-voting, provided that the Scheme shall be acted upon only if the votes cast by the public shareholders

in favour of the proposal are more than the number of votes cast by the public shareholders against it.

- (iii) It being agreed to by the respective requisite majorities of members of Transferee and Transferor Companies as required under the Act and the requisite orders of the Court being obtained.
- (iv) It being agreed to by the respective requisite majorities of creditors and the various classes of creditors (wherever applicable) of the Transferee and Transferor Companies as required under the Act and the requisite orders of the Court being obtained.
- (v) The requisite sanctions and approvals, as may be required by law in respect of this Scheme being obtained; and
- (vi) The certified copies of the orders of the Tribunal sanctioning this Scheme being filed with the Registrar of Companies.

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

18. Valuation Report

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

19. Fairness Opinion from Merchant Banker

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

20. Pre and Post Amalgamation Capital Structure

- a) The pre amalgamation Capital Structure of the First Transferor Company i.e. of Neuland Health Sciences Private Limited is given at clause 14.26 of this Explanatory Statement.
- b) The pre amalgamation Capital Structure of the Second Transferor Company i.e. of Neuland Pharma Research Private Limited is given at clause 14.4 of this Explanatory Statement.
- c) The pre and post amalgamation Capital Structure of the Transferee Company i.e. of Neuland Laboratories Limited is as follows:

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

21. Pre and Post Amalgamation Shareholding Pattern

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

Sl. No.	Name of the shareholder	No. of shares	Face value	Total capital (Rs.)	%
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			(Rs.)		
1.	Davuluri Rama Mohan Rao	5,35,012	100	5,35,01,200	43.04
2.	Evolve India Life sciences fund LLC	4,08,835	100	4,08,83,500	32.89
3.	Davuluri Vijaya Rao	1,11,091	100	1,11,09,100	8.94
4.	Davuluri Sucheth Rao	57,954	100	57,95,400	4.66
5.	Davuluri Saharsh Rao	44,107	100	44,10,700	3.55
6.	Malabar India Fund Limited	31,074	100	31,07,400	2.50
7.	Davuluri Rohini Niveditha Rao	29,583	100	29,58,300	2.38
8.	Gannabathula Venkata Krishna Rama Rao	8,215	100	8,21,500	0.66
9.	Malabar Value Fund	6,215	100	6,21,500	0.50
10.	Gannabathula Veeravenkata Satyanarayanamurthy	5,685	100	5,68,500	0.46
11.	Gannabathula Subbayamma	4,020	100	4,02,000	0.32
12.	Gannabathula Uma Bala	1,161	100	1,16,100	0.09
Total		12,42,952	100	12,42,95,200	100.00

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

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

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

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

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

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

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

Category of Shareholder	Pre Amalgamation as on 31.03.2017		Post Amalgamation	
	No. of Shares	%	No. of Shares	%
Promoters and Promoter Group	45,91,748	51.69	43,99,631	39.44
Public	42,92,506	48.31	67,55,258	60.56
Custodian	0	0.00	0	0.00
Non-Promoter Non-Public (shares held by Employee Trusts)	0	0.00	0	0.00
Total	88,84,254	100.00	1,11,54,889	100.00

22. The Scheme of Amalgamation and Arrangement, if approved by the appropriate authorities and the Tribunal, shall not have any adverse impact or effect on the Directors, Promoters, Non-Promoter Members, Creditors, whether secured or

unsecured, employees of Company and / or Transferee or First Transferor Company. The Companies does not have any Depositors or Debenture Holders.

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

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

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

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

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

Dr. Christopher Michael Cimarusti	Director	-	Nil	Nil
Dr. William Gordon Mitchell	Director	-	Nil	Nil
Mrs. Bharati Rao	Director	-	Nil	Nil
Dr. Nirmala Srinivasa Murthy	Director	-	Nil	Nil
Mrs. Sarada Bhamidipati	Company Secretary	-	Nil	Nil

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

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

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

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

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

30. There are no winding up proceedings pending against the Company or against the Transferee Company or the First Transferor Company as of date.

31. No inquiry or investigation under sections 235 to 251 of the Companies Act, 1956, or under Section 210 to 227 of Companies Act, 2013, is pending against the Company or against the Transferee Company or First Transferor Company.
32. The financial position of the Company will not be adversely affected by the Scheme.
33. A copy of the Scheme has been filed by the Company with the Registrar of Companies, Hyderabad, for the State of Telangana and the State of Andhra Pradesh, on 27th day of March, 2017.
34. The Scheme of Amalgamation and Arrangement requires the approval / sanction / no objection from the following the regulatory and government authorities:
- a) BSE Limited
 - b) National Stock Exchange of India Limited
 - c) Securities and Exchange Board of India
 - d) Registrar of Companies
 - e) Regional Director
 - f) Official Liquidator
 - g) National Company Law Tribunal

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

35. Inspection and / or extract by the Equity Shareholders of the Company, of the following documents is allowed at the Registered Office of the Company between 2:00 PM to 05:00 PM on all working days (except on Saturdays, Sundays and Public holidays) upto 26th day of May, 2017:
- a) Company Application No. C.A.(CAA)NO.21/230/HDB/2017 filed by Neuland Pharma Research Private Limited, Company Application No. C.A.(CAA)NO.22/230/HDB/2017 filed by Neuland Laboratories Limited and Company Application No. C.A.(CAA)NO.20/230/HDB/2017 filed by Neuland Health Sciences Private Limited with the Hon'ble National Company Law Tribunal, Bench at Hyderabad.

- b) Certified copy of the order dated 07th day of April, 2017, passed by the Hon'ble National Company Law Tribunal, Bench at Hyderabad in the C.A.(CAA) NO.20/230/HDB/2017, C.A.(CAA)NO.22/230/HDB/2017 and C.A.(CAA)NO.21/230/HDB/2017.
- c) Resolution passed by the Board of Directors of Neuland Laboratories Limited (Transferee Company), Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) approving the Scheme of Amalgamation and Arrangement at their respective meetings held on 04.11.2016.
- d) Scheme of Amalgamation and Arrangement under between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors.
- e) Valuation Report, dated 04.11.2016, issued by M/s. Deloitte Haskins & Sells, Chartered Accountants.
- f) Fairness Opinion dated 04.11.2016, issued by SBI capital Markets Limited, Merchant Banker.
- g) A certificate issued by Auditor of the company to the effect that the accounting treatment proposed in the scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;
- h) Memorandum and Articles of Association of the Company, Transferee Company and of the First Transferor Company.
- i) Audited Balance Sheet and Profit and Loss account of the Company, the Transferee Company and the First Transferor Company for the financial year ended 31.03.2016.
- j) Report adopted by the Board of Directors of the Company, explaining the effect of Scheme on key managerial personnel, promoters and non-promoter Shareholders of the Company.
- k) Unaudited Accounting Statement of Neuland Pharma Research Private Limited (Second Transferor Company) for the period ended on 31st December, 2016.

- l) Unaudited Accounting Statement of Neuland Laboratories Limited (Transferee Company) for the period ended on 31st December, 2016.
 - m) Unaudited Accounting Statement of Neuland Health Sciences Private Limited (First Transferor Company) for the period ended on 31st December, 2016.
- 36.** The Scheme of Amalgamation and Arrangement, if approved by the Equity Shareholders, shall be operative from the Appointed Date subject to the approval and directions of the National Company Law Tribunal at Hyderabad.
- 37.** A copy of the Notice, the Explanatory Statement, the Scheme of Amalgamation and Arrangement, details & information as required under Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the Valuation Report, Fairness Opinion, Report adopted by the Board of Directors of the Company, explaining the effect of Scheme on key managerial personnel, promoters and non-promoter Shareholders of the Company, Supplementary Unaudited Accounting Statements of the Transferee Company, First Transferor Company and the Second Transferor Company for the period ended on 31st December, 2016, a form of Proxy and attendance slip and other relevant documents are also available on the website of the Company i.e. www.neulandlabs.com and also available for inspection at the registered office on all working days (excepts on Saturdays, Sundays and Public Holidays) 26th day of May, 2017, between 2:00 PM to 05:00 PM.
- 38.** None of the Directors and Key Managerial Personnel of respective Companies and their respective relatives is concerned or interested, financially or otherwise in the proposed resolution except as shareholders of their respective companies in general.
- 39.** The Board of Directors recommends the resolution set out in the notice in relation to the approval of the proposed Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors, for approval by the shareholders of the Company.

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

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

Sd/-
K. Phani Raju,
Chairperson - Tribunal Convened
Meeting of Equity Shareholders of
Neuland Pharma Research Private Limited

Dated this the 14th day of April, 2017
Hyderabad

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

(A) PREAMBLE OF THE SCHEME

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

- (i) the amalgamation of Neuland Health Sciences Private Limited hereinafter referred to as “**NHSPL**” or “**First Transferor Company**” into Neuland Laboratories Limited hereinafter referred to as “**NLL**” or “**Transferee Company**”; and
- (ii) Neuland Pharma Research Private Limited hereinafter referred to as “**NPRPL**” or “**Second Transferor Company**” into the Transferee Company,

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

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

(B) DESCRIPTION OF THE COMPANIES

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

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

The shares of NLL are presently listed and traded on BSE Limited (formerly known as ‘Bombay Stock Exchange Ltd’) bearing BSE Scrip Code 532406 and on National Stock Exchange of India Limited bearing symbol “NEULANLAB”.

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

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

- a) To manufacture, sell, buy, import, export, distribute all kinds of basic drugs and pharmaceuticals including tablets, injectables, syrups, powders, ointments, aerosols, capsules and liquids for human consumption.
- b) To manufacture, sell, buy, import, export, distribute all kinds of basic drugs and pharmaceuticals for veterinary use.
- c) To buy, sell, import, export, manufacture and treat and deal in all kinds of chemicals, biologicals, cosmetics, insecticides, agrochemicals, pesticides hormones, medicated soaps and foods.

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

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

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

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

The shareholding pattern of the Transferee Company is as follows:

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

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

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

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

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

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

- b) To undertake and provide services related to drug discovery and development, including but not limited to clinical research, testing and diagnostics and to undertake development of finished dosage formulations as a service under contract.
- c) To undertake, set up, assist, pursue, apply, develop, provide, deal, use, facilitate, act in India or anywhere in the world as consultant engineer, expert, technical, industrial consultants, advisors and to provide technical know-how, render advice on planning, development, research design, plant operation in biosciences, biotechnology, life sciences, natural sciences, physical sciences, chemical sciences, to make feasibility studies, assist in acquisition and concern of plant and machinery to provide procurement, construction and technical services and to render such other services as are usually rendered by consultants for and in connection with the management, manufacture, production, processing of internet based services, IT products, engineering, technical, scientific, instruments, aids, apparatus, goods and any other allied products in all types of industries, management consultants and to provide services of data processing and modern management sciences in India and abroad.
- d) To give franchisees, right to use technologies so developed, Research & Development plants and equipment for commercial exploration to other persons / parties and receive royalties, fees, consideration for the same in India and abroad.
- e) To establish, provide, maintain and conduct or otherwise subsidize research laboratories and experimental workshops for scientific and technical research and experiments, and to and carry on with all scientific and technical research and experiments and tests of all kinds and to promote studies and research both scientific and technical investigations invention, by providing subsidizing endowing or assisting laboratories, workshops, libraries, lectures, meetings, and conferences and by providing for remuneration of scientific and technical professors or teachers and by providing for the award of scholarships, prizes and grants to the students or otherwise and generally to encourage, promote, and reward studies, researches, investigations, experiments, tests and inventions of any kind that may be considered likely to assist any of the business which the company is authorised to carry on and to carry on scientific and technical researches, experiments and tests of all kinds for and on behalf of Government, semi-Government bodies and for others.

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

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

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

Sl. No.	Name of the shareholder	No. of shares	Face value Rs.	Total Capital Rs.	%
1.	Davuluri Rama Mohan Rao	5,72,301	100	57,23,0100	46.04
2.	Evolve India Life sciences fund LLC	4,08,835	100	40,88,3500	32.89
3.	Davuluri Vijaya Rao	1,11,091	100	11,10,9100	8.94
4.	Davuluri Sucheth Rao	57,954	100	5,79,5400	4.66
5.	Davuluri Saharsh Rao	44,107	100	4,41,0700	3.55
6.	Davuluri Rohini Niveditha Rao	29,583	100	2,95,8300	2.38
7.	Gannabathula Venkata Krishna Rama Rao	8,215	100	82,1500	0.66
8.	Gannabathula Veeravenkata Satyanarayana Murthy	5,685	100	56,8500	0.46
9.	Gannabathula Subbayamma	4,020	100	40,2000	0.32
10.	Gannabathula Uma Bala	1,161	100	11,6100	0.09
Total		12,42,952	100	1,24,29,5200	100.00

3. **M/s. Neuland Pharma Research Private Limited (i.e. the Second Transferor Company)**, is a Private Limited Company, which was originally incorporated under the name and style “Sucheth and Saharsh Pharmaceutical Research Private Limited” on 23.03.2012 (Twenty Third day of April, Two Thousand and Twelve) in the erstwhile state of Andhra Pradesh (Now state of Telangana) under the provisions of Companies Act, 1956, vide Corporate Identity Number U73100AP2012PTC080474. Subsequently the name of the Company was changed from “Sucheth and Saharsh Pharmaceutical Research

Private Limited” to “Neuland Pharma Research Private Limited” and consequent upon change of name, the Company obtained a Fresh Certificate of Incorporation from the Registrar of Companies, on 07.06.2012 (Seventh day of June, Two Thousand and Twelve) after complying with the relevant provisions under the Companies Act, 1956. The present Corporate Identity Number (CIN) of the Company is U73100TG2012PTC080474. The PAN of the Company is AAECN0196K.

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

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

- a) To undertake and provide research, investigation, development, manufacturing, marketing and related services in the areas of fine chemicals, active ingredients and intermediates catering to various industries including but not limited to healthcare, pharmaceuticals, diagnostics and agriculture and healthcare.
- b) To undertake and provide services related to drug discovery and development, including but not limited to clinical research, testing and diagnostics and to undertake development of finished dosage formulations as a service under contract.
- c) To undertake, set up, assist, pursue, apply, develop, provide, deal, use, facilitate, act in India or anywhere in the world as consultant engineer, expert, technical, industrial consultants, advisors and to provide technical know-how, render advice on planning development, research design, plant operation in biosciences, biotechnology, life sciences, natural sciences, physical sciences, chemical sciences, to make feasibility studies, assist in acquisition and concern of plant and machinery to provide procurement, construction and technical services and to render such other services as are usually rendered by consultants for and in connection with the management, manufacture, production, processing of internet based services, IT products, engineering, technical, scientific, instruments, aids, apparatus, goods and any other allied products in all types of industries, management consultants and to provide services of data processing and modern management sciences in India and abroad.
- d) To give franchisees, right to use technologies so developed, Research & Development plants and equipment for commercial exploration to other persons / parties and receive royalties, fees, consideration for the same in India and abroad.

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

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

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

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

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

Total	5,00,000	10	50,00,000	100.00
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The following is the extract of the Register of Compulsory Convertible Cumulative Preference Shareholders of the Second Transferor Company showing the list of the Preference Shareholder of the Second Transferor Company:

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

(C) RATIONALE, OBJECTIVE & PURPOSE OF THE SCHEME

1. The Transferee Company is a manufacturer of active pharmaceutical ingredients (“APIs”) and advanced intermediates and is a solution provider for the pharmaceutical industry for chemistry related services.
2. The First Transferor Company is in the business of conducting research and development on synthesis of Peptides and Peptide building blocks and marketing of Peptides. The Transferee Company is the exclusive peptide manufacturer for the First Transferor Company.
3. The Second Transferor Company is a contract research and marketing services company providing Custom Manufacturing Solutions (“CMS”) to its customers with a focus on regulated markets. The Research and Development facility of the Second Transferor Company has been successfully inspected and classified acceptable by the USFDA in February 2016.
4. The First Transferor Company, the Second Transferor Company and the Transferee Company, as a Group, provide end-to-end solutions for chemistry related services from synthesis of early stage clinical molecules to supply of API and intermediates at various clinical phases up to commercial scale.
5. The businesses being carried on by all these three companies are synergistic and are complementary to each other. Given the nature of consolidation in the pharmaceutical industry, there is a huge opportunity for cross-selling of the products and services of the First Transferor Company and the Second Transferor Company along with that of the Transferee Company which is expected to further enhance the value for the stakeholders of all the companies.

6. The combined entity (i.e. the Transferee Company), with its strong financials, will have greater access to sources of funds, a better credit rating, improved cash flows, increased net worth, thereby expected to strengthen the value of all the stakeholders of the companies involved.
7. Therefore, the proposed Amalgamation is expected to:
 - a) Facilitate seamless coordination between the Research and Development (“R&D”) facilities and manufacturing activities leading to greater leverage in operations, planning, process, product life cycle management, new product development and product optimization and enhanced flexibility in operations in the combined entity.
 - b) Lead to the benefits of synergetic advantages particularly in view of the fact that the companies involved in the amalgamation are engaged in the businesses, which are akin and can be conveniently merged for mutual benefit further leading to improved organizational capability and leadership, arising from the pooling of resources and expertise that has the diverse skills talent and vast experience to compete successfully in an increasingly competitive industry.
 - c) Result in consolidation of intellectual properties, R&D capabilities and physical infrastructure into one combined entity including an opportunity to avail additional tax benefits for in house R&D.
 - d) Result in cost savings from utilizing the combined facilities of all the three entities with more focus on operational efforts, rationalization, standardization and simplification of business processes, productivity improvements, elimination of intercompany transactions costs, usage of common resource pool like human resource, administration, accounts, legal and other related functions leading to elimination of duplication and rationalization of administrative expenses and reduction of compliance costs.
 - e) Result in operational convenience in terms of execution of contracts and provision of related services.
 - f) Improve relationship with customers, as the combined entity, post amalgamation would become an end-to-end API solution provider.

8. In order to achieve the objectives as mentioned in the abovementioned clauses, the Board of Directors of all the three companies have proposed to consolidate the First Transferor Company, the Second Transferor Company and the Transferee Company as a single company by amalgamating the First Transferor Company and the Second Transferor Company into the Transferee Company.
9. The amalgamation will build a stronger and sustainable business and enhance the potential for future growth and the Scheme of Amalgamation would be beneficial and in the best interests of the shareholders, creditors, customers, suppliers, employees and other stakeholders of all the companies.

(D) SCOPE OF THE SCHEME

The Scheme of Amalgamation and Arrangement provides for:

- 1 Amalgamation of the First Transferor Company and the Second Transferor Company into the Transferee Company.
- 2 Consequent issue of equity shares to the shareholders of each of the Transferor Companies pursuant to the provisions of sections 230 to 232 of the Companies Act, 2013 and rules issued thereunder to the extent applicable.
- 3 All the shareholders of each of the Transferor Company shall become the shareholders of the Transferee Company by virtue of the merger.
- 4 The reorganization of the authorised share capital of the Transferor Companies and Transferee Company.
- 5 The transfer of the Transferor Companies will be on a going concern basis.
- 6 Various other matters consequential to or otherwise integrally connected with the above in the manner provided for in the Scheme.
- 7 This Scheme of Amalgamation and Arrangement has been drawn up to comply with the conditions as specified under section 2(1B) of Income Tax Act, 1961.

(E) PARTS OF THE SCHEME:

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

PART A: Deals with Definitions.

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

PART C: Deals with General Terms and Conditions.

PART-A

DEFINITIONS

1. DEFINITIONS

- 1.1 “Act” or “the Act”** means the Companies Act, 1956 or as the case may be, the Companies Act, 2013 (to the extent notified and applicable) and every modification or re-enactment thereof and rules and regulations made hereunder, for the time being in force and references to sections of the Act shall be deemed to mean and include reference to sections enacted in modification or replacement thereof.
- 1.2 “Applicable Law(s)”** means any statute, notifications, bye-laws, rules, regulations, guidelines, Circulars or common law, policy, code, directives, ordinance, schemes, notices, orders or instructions enacted or issued or sanctioned by any Appropriate Authority including any modification or re-enactment thereof for the time being in force.
- 1.3 “Amalgamation”** means the amalgamation of the First Transferor Company and the Second Transferor Company into the Transferee Company and the shareholders of Transferor Companies becoming, the shareholders of the Transferee Company.
- 1.4 “Amalgamating Undertaking”** shall mean:
- a) All the assets and properties of the Transferor Companies as on the Appointed Date.
 - b) All the secured and unsecured debts, liabilities, whether short term or long term contingent liabilities or duties and obligations of Transferor Companies as on the Appointed Date.
 - c) Without prejudice to the generality of sub clause (a) above, the Undertaking of Transferor Companies shall include all the assets and properties, whether movable or immovable, real or personal, in possession or reversion, corporeal or incorporeal, tangible or intangible, present or contingent and including but not limited to land and building, all fixed and movable plant and machinery, fixed assets, current assets, investments, reserves, packing material, raw materials,

formulations, tablets, capsules, vials, ointments, active pharmaceutical ingredients and drug intermediaries, brands, licences, pharma licenses, drug licences and /or product registrations issued / made by/ with by Drug controller or such state or central government authorities, USFDA approvals, permissions, consents, approvals, sanctions, quotas, entitlements, grants and rights, non-compete right, leasehold rights, tenancy rights, leasehold improvements, software provisions, funds, other licenses, franchises, registrations, certificates, all stocks, investments of all kinds (including share application money, shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates in domestic or overseas entities and including shares or other securities held by the Transferor Companies in its subsidiaries), cash balances or deposits with banks, loans, advances, contingent rights or benefits, book debts, receivables, actionable claims, earnest moneys, advances or deposits paid by the Transferor Companies, financial assets, leases (including lease rights), hire purchase contracts and assets, lending contracts, rights and benefits under any agreement/contracts, benefit of any security permissions, consents, approvals, concessions (including but not limited to sales tax concessions, excise duty, services tax or customs, value added tax and other incentives of any nature whatsoever), remissions, remedies, subsidies, guarantees, bonds, copyrights, patents, trade names, trademarks, track record, good-will and other rights and licenses in respect thereof, applications for intellectual property rights , application for statutory licenses or any other licenses whether for renewal or otherwise, copyrights, patents, trade names, trademarks, leases, leave and license agreements, tenancy rights, premises, hire purchase, lending arrangements, benefits of security arrangements, computers, insurance policies, office equipment, telephones, telexes, facsimile connections and installations and utilities, electricity, water and other service connections, contracts and arrangements, powers, authorities, permits, allotments, privileges, liberties, advantages, easements and all the right, title, interest, benefit and advantage, deposits, benefit of deferred revenue expenditure, provisions, advances, receivables, deposits, cash, bank balances, accounts and all other rights, benefits of all agreements, subsidies, grants, incentives, tax credits, whether granted by state government or central government or any such other authority, (including but not limited to credits in respect of income-tax, tax on book profits, value added tax, sales tax, service tax, etc.), and other claims and powers, all books of accounts, documents and records of whatsoever nature and

where so ever situated belonging to or in the possession of or granted in favour of or enjoyed by Transferor Companies, as on the Appointed Date.

- d) All rights and benefits including but not limited to (i) rights arising out of statutory licenses, franchises, approvals, permissions, no-objection certificates, permits, consents, patents, trademarks, tenancies, offices, depots, quotas, rights, entitlements, privileges, (ii) benefits of all contracts / agreements / leases (including, but not limited to, contracts / agreements with vendors, customers, government etc.); and (iii) all other rights (including, but not limited to, right to use and avail electricity connections, water connections, environmental clearances, telephone connections, facsimile connections, telexes, e-mail, internet, leased line connections and installations, lease rights, easements, powers and facilities), of Transferor Companies as on the Appointed Date.
- e) All staff, workmen and employees engaged by the Transferor Companies.
- f) All books, records, files, papers, information, computer programs, manuals, data, catalogues, sales material, quotations, advertising materials, lists of present and former customers and suppliers and other records, whether in physical form or electronic form and whether owned by, licensed to or assigned to the Transferor Companies, relating to the Transferor Companies business activities and operations whether in India or abroad.

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

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

1.7 “Board of Directors” or “Board” in relation to Transferee and Transferor Companies, as the case may be, shall, unless it be repugnant to the context or otherwise, includes

any Committee of Directors or any person authorized by the Board of Directors or such Committee of Directors.

- 1.8 “CCCPS”** means the 44,99,965 (Forty Four Lakhs Ninety Nine Thousand Nine Hundred and Sixty Five)- 0.001% Compulsorily Convertible Cumulative Preference Shares of Rs.10/- (Rupees Ten only) each of the Second Transferor Company.
- 1.9 “Court” or “High Court”** means the Hon’ble High Court of Judicature at Hyderabad for the State of Telangana and for the State of Andhra Pradesh or the National Company Law Tribunal / NCLT / Tribunal at Hyderabad or such other tribunal or authority having jurisdictions to sanction the Scheme.
- 1.10 “First Transferor Company”** means Neuland Health Sciences Private Limited, a Company incorporated on 31.03.1993, under the provisions of the Companies Act, 1956, bearing CIN:U73100TG1993PTC015554 and having its registered office situated at Sanali Info Park, 'A' Block, Ground floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India.
- 1.11 “Record Date”** for the purpose of determining the shareholders of the Transferor Companies, means the date on which the Scheme is approved by the Tribunal.
- 1.12 “Registrar of Companies” or “ROC”** means the Registrar of Companies at Hyderabad for the State of Telangana and Andhra Pradesh.
- 1.13 “Scheme of Amalgamation and Arrangement” or “Scheme” or “the Scheme” or “this Scheme”** means this Scheme of Amalgamation and Arrangement in its present form or with any modifications, imposed or approved or directed by the Board of Directors of the Transferee Company and / or Transferor Companies, or by the members or creditors of the Transferee Company and / or Transferor Companies and /or by the Court, SEBI, the Stock Exchanges or any other regulatory authority.
- 1.14 “SEBI”** means the Securities and Exchange Board of India.
- 1.15 “Second Transferor Company”** means Neuland Pharma Research Private Limited, a Company incorporated on 23.04.2012, under the provisions of Companies Act, 1956, bearing CIN: U73100TG2012PTC080474 and having its registered office situated at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India.

- 1.16 “Shareholders”** means the persons registered (whether registered owner of the shares or beneficial owner of the shares) as holders of equity shares of concerned company as the context may require and shall include any third party transferees of such persons registered. The word “Shareholder” and “Member” are used to denote the same meaning and are used interchangeably.
- 1.17 “Stock Exchanges”** means the BSE Limited and National Stock Exchange India Limited where the equity shares of the Transferee Company are listed and traded. The Designated Stock Exchange (DSE), for the purpose of coordinating with SEBI in relation to obtaining the in-principle approval to the Scheme, shall be National Stock Exchange of India Limited.
- 1.18 “Transferee Company”** means Neuland Laboratories Limited, a Company incorporated on 07.01.1984, under the provisions of the Companies Act, 1956, bearing CIN: L85195TG1984PLC004393 and having its registered office situated at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills Hyderabad - 500034, Telangana, India.
- 1.19 “Transferor Companies”** means together the First Transferor Company and the Second Transferor Company.

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

PART-B

AMALGAMATION OF THE FIRST TRANSFEROR COMPANY AND THE SECOND TRANSFEROR COMPANY INTO THE TRANSFEE COMPANY

SECTION 1: TRANSFER & VESTING OF AMALGAMATING UNDERTAKING

- 2. Transfer of assets, properties, estates, claims, debts, duties, liabilities, obligations etc.,**
- 2.1** Subject to the provisions of this Scheme and upon the sanction of the Scheme by the Tribunal and with effect from the Appointed Date, the entire Amalgamating

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

- a) All the immovable properties of the Transferor Companies as more specifically provided in the Schedule of the Scheme shall under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act, without any further act or deed, be transferred to or be deemed to be transferred to the Transferee Company so as to become as from the Appointed Date the properties of the Transferee Company.
- b) All the movable assets including but not limited to computers and equipment, office equipment, machineries, telephones, telexes, facsimile connections and installations and utilities, softwares, copyrights, patents, trade names, trademarks, track record, good-will, products, websites, portals, inventories, insurance policies, cash in hand, advances, receivables, deposits, bank balances, accounts and all other rights, of the Transferor Companies capable of passing by manual delivery or by endorsement and delivery, shall be so delivered or endorsed and delivered, as the case may be, to the Transferee Company.
- c) In respect of movables other than those specified in sub clause (b) above, including, outstanding loans and advances, Investments (whether current or non - current), trade receivables, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with government, semi-government, local and other authorities and bodies, customers and other persons, the same shall, without any further act, instrument or deed, be transferred to and stand vested in and /or be deemed to be transferred to and stand vested in the Transferee Company under the provisions of Sections 230 to 232 of the Act and all other applicable provisions, if any, of the Act.
- d) In relation to all licenses, pharma licenses, drug licenses , product registrations, franchises, permissions, approvals, consents, entitlements, sanctions, permits, rights, privileges and other licenses including rights arising from contracts, deeds, license instruments and agreements, if any, belonging to the Transferor Companies,

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

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

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

- f) In so far as the various incentives, subsidies, special status and other benefits or privileges enjoyed (including credit on account of tax on book profits, sales tax, excise duty, custom duty, service tax, value added tax and other incentives), granted by any government body, local authority or by any other person and availed by the Transferor Companies, the same shall vest with and be available to the Transferee Company on the same terms and conditions.
- g) The Transferee Company shall be entitled to the benefit of all insurance policies which have been issued in respect of the Transferor Companies, and the name of the Transferee Company shall be substituted in such policies.

2.2 The Transferee Company shall under the provisions of the Scheme be deemed to be authorized to execute any such writings on behalf of the Transferor Companies, to

implement and carry out all formalities and compliances, if required, referred to above.

- 2.3 All the properties or assets of the Transferor Companies whether movable or immovable, being transferred pursuant to this Scheme, which are registered and standing in the name of Transferor Companies shall, upon the scheme being sanctioned by the Tribunal and becoming effective, be registered in the name of the Transferee Company and the name of the Transferor Companies shall be substituted with the name of the Transferee Company in all such certificates of registration, endorsements, records and in revenue/mutation records in case of immovable properties by such appropriate authorities.
- 2.4 Any tax liabilities under the Income-tax Act, 1961, service tax laws, customs law or other applicable laws/ regulations dealing with taxes/ duties / levies of the Transferor Companies to the extent not provided for or covered by tax provision in the accounts made as on the date immediately preceding the Appointed Date, if any, shall be transferred to Transferee Company.
- 2.5 Any refund under the Income-tax Act, 1961, Wealth-tax Act, 1957, service tax laws or other applicable laws / regulations dealing with taxes/ duties / levies tax due to Transferor Companies consequent to the assessment made on Transferor Companies and for which no credit is taken in the accounts as on the date immediately preceding the Appointed Date shall also belong to and be received by the Transferee Company.
- 2.6 Upon the sanction of the Scheme by the Tribunal, all rights, entitlements and powers to revise returns and filings of the Transferor Companies under the Income-tax Act, 1961, service tax laws and other laws, and to claim refunds and / or credits for taxes paid, etc. and for matters incidental thereto, shall be available to, and vest with the Transferee Company, including for the period prior to the Appointed Date.
- 2.7 All tax assessment proceedings / appeals of whatsoever nature by or against the Transferor Companies pending and/or arising at the Appointed Date and relating to the Transferor Companies shall be continued and / or enforced until the date of sanction of this Scheme by the Tribunal against the Transferor Companies and from the date of sanction of this Scheme by the Tribunal, the same shall be continued and enforced by or against the Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against the Transferor Companies.

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

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

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

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

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

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

This Scheme has been drawn up to comply with the conditions relating to “Amalgamation” as specified under Section 2(1B) of the Income-tax Act, 1961. If any

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

5. Legal proceedings

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

6. Contracts, deeds and other instruments

Subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements, leave and license agreements, licenses, powers of attorney, engagements, certificates, benefits, privileges, entitlements, grants, sanctions, permissions, consents, approvals, concessions, any schemes under which the Transferor Companies are registered with the government or any other authorities and incentives (including but not limited to benefits under the Income-Tax Act, 1961, service tax, and other laws), remissions, remedies, subsidies, guarantees, licences and other instruments, if any, of whatsoever nature to which the Transferor Companies are parties and which have not lapsed and are subsisting or having effect on the date of sanction of this Scheme by the Tribunal shall be in full force, and be effective against or in favour of the Transferee Company, as the case may be, and may be enforced by or against the Transferee Company as fully and effectually as if, instead of the Transferor Companies, the Transferee Company had been

a party thereto. The Transferee Company may enter into and/or issue and/or execute deeds, writings or confirmations or enter into any tripartite restructurings, confirmations or novations, to which the Transferor Companies will, if necessary, also be parties in order to give formal effect to the provisions of this Scheme, if so required or if so considered necessary. The Transferee Company shall be deemed to be authorized to execute any such deeds, writings or confirmations on behalf of the Transferor Companies and to implement or carry out all formalities required on the part of the Transferor Companies to give effect to the provisions of this Scheme.

Further all applications for renewals for (i) incentives, subsidies, special status, refund, rebates, exemptions, and other benefits or privileges; (ii) licenses, pharma licenses, drug licenses, product registrations, franchises, permissions, approvals, consents, entitlements, sanctions, permits, rights, privileges and other licenses including rights arising from contracts, deeds, license instruments and agreements; and/or (iii) any other approvals, licenses, consents, that may be pending with any government body, regulatory authority and/or all other agencies, departments and authorities concerned as are necessary under any law as on the date of sanction of this Scheme by the Tribunal shall be in full force, and be effective against or in favour of the Transferee Company.

7. Saving of concluded transactions

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

8. Staff, workmen and employees

- 8.1** Upon sanction of this Scheme by the Tribunal, all staff, workmen and employees of the Transferor Companies in service on the date of sanction of this Scheme by the Tribunal shall be deemed to have become staff, workmen and employees of the Transferee Company with effect from the date of sanction of this Scheme by the

Tribunal without any break in their service and the terms and conditions of their employment with the Transferee Company shall not be less favourable than those applicable to them with reference to the Transferor Companies on the date of sanction of this Scheme by the Tribunal.

- 8.2** It is expressly provided that, in so far as the Gratuity Fund, Provident Fund, Super Annuation Fund, if applicable, Employee's State Insurance Corporation Contribution, Labour Welfare Fund or any other Fund created or existing for the benefit of the staff, workmen and employees of the Transferor Companies, are concerned, upon sanction of this Scheme by the Tribunal, the Transferee Company shall stand substituted for the Transferor Companies for all purposes whatsoever in relation to the administration or operation of such Fund or Funds or in relation to the obligation to make contributions to the said Fund or Funds in accordance with the provisions thereof as per the terms provided in the respective Trust Deeds, if any, to the end and intent that all rights, duties, powers and obligations of the Transferor Companies in relation to such fund or funds shall become those of the Transferee Company and all the rights, duties and benefits of the employees of the Transferor Companies under such Funds and / or Trusts shall be protected, subject to the provisions of law for the time being in force. It is clarified that the services of the staff, workmen and employees of the Transferor Companies will be treated as having been continuous for the purpose of the said Fund or Funds.
- 8.3** In so far as the Provident Fund, Gratuity Fund, Superannuation Fund, if applicable, or other Special Scheme(s) / Fund(s) created or existing for the benefit of the employees of the Transferor Companies are concerned upon date of sanction of this Scheme by the Tribunal, balances lying in the accounts of the employees of the Transferor Companies in the said funds as on the date of sanction of this Scheme by the Tribunal shall stand transferred from the respective trusts / funds of the Transferor Companies to the corresponding trusts / funds set up by the Transferee Company.
- 8.4** The officers, employees and staff, other than the Employees, who have resigned or whose services have been terminated in any way, during the period between the Appointed Date and the date of sanction of this Scheme by the Tribunal, shall be entitled to receive from the Transferee Company after date of sanction of this Scheme by the Tribunal, all the Employment Benefits, rights or privileges to which he / she was entitled to receive from the respective Transferor Companies before the date of

sanction of this Scheme by the Tribunal, to the extent the same are due and outstanding.

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

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

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

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

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

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

- 9.4 The members of the Second Transferor Company, on approval of the Scheme, shall be deemed to have given their approval u/s 61 of the Companies Act, 2013 and all other applicable provisions of the Act for alteration of the authorised share capital of the Second Transferor Company and no separate resolutions will be required to be passed for alteration of the authorised share capital of the Second Transferor Company under section 61 of the Companies Act, 2013 and all other applicable provisions of the Act and no separate notice will be required to be given to the Registrar of Companies, for intimation of for alteration of the authorised share capital of the Second Transferor Company under section 64 of the Companies Act, 2013 and all other applicable provisions of the Act.
- 9.5 The Transferor Companies also shall not have any outstanding convertible or redeemable preference shares with effect from the Record Date.
- 9.6 As an integral part of the Scheme, the authorised share capital of the Transferee Company of which there is a component of preference share capital of 3,00,000 Cumulative redeemable preference shares of Rs. 100/- each aggregating Rs.3,00,00,000/- and 3,00,000 Cumulative or Non-cumulative and redeemable or otherwise preference shares of Rs.100/- each aggregating Rs.3,00,00,000/- shall be converted into 60,00,000 (Sixty Lakhs) equity shares of Rs.10/- each aggregating Rs.6,00,00,000/- (Rupees Six Crores only) and accordingly the authorised share capital of the Transferee Company shall be reflected as follows:

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

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

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

- 9.8** Upon sanction of this Scheme and after the sub-division of face value of equity shares of the First Transferor Company and after the restructuring of the authorised share capital of the Transferee Company, First Transferor Company and the Second Transferor Company, the Authorized share capital of the Transferee Company shall automatically stand increased by merging the Authorized Share Capital of Transferor Companies with Authorized Share Capital of Transferee Company without any further act or deed on the part of the Transferee Company, including payment of Stamp Duty and/or registration fee.
- 9.9** Upon sanction of this Scheme by the Tribunal, **Clause V** of the Memorandum of Association of the Transferee Company (relating to the Authorized Share Capital) shall, without any further act, instrument or deed, or payment of any fees, stamp duty or levies, including fee payable to Registrar of Companies, stand altered, modified and amended pursuant to Sections 13, 61, 64 of the Companies Act, 2013 and Section 394 of the Companies Act, 1956 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:

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

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

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

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

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

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

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

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

10.3 The members and the Preference share holder (i.e. equity shareholders and Evolve India Life Sciences Fund LLC) of the Second Transferor Company, on approval of the Scheme, shall be deemed to have given their approval under the provisions of the Companies Act, 2013 and under all other agreements and arrangements, if any, for the said conversion of 44,99,965 (Forty Four Lakhs Ninety Nine Thousand Nine Hundred and Sixty Five)- 0.001% Compulsorily Convertible Cumulative Preference Shares (CCCPS) of Rs.10/- (Rupees Ten only) each of the Second Transferor Company into 1 (One) equity share of Rs.10/- (Rupees Ten only) each on the Record Date and no separate resolutions will be required to be passed and procedure to be followed for such conversion.

SECTION 2: CONDUCT OF BUSINESS

11. With effect from the Appointed Date:

- 11.1** The Transferor Companies shall carry on and be deemed to have carried on their business and activities and shall stand possessed of Amalgamating Undertaking, in trust for the Transferee Company and shall account for the same to the Transferee Company.
- 11.2** Any income or profit accruing or arising to the Transferor Companies and all costs, charges, expenses and losses or taxes incurred by the Transferor Companies shall for all purposes be treated as the income, profits, costs, charges, expenses and losses or taxes, as the case may be, of the Transferee Company and shall be available to the Transferee Company for being disposed off in any manner as it thinks fit.
- 11.3** All liabilities debts, duties, obligations which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of the Transferee Company. From the date of acceptance of this Scheme by the Boards of the Transferor Companies and the Transferee Company, until the date of sanction of this Scheme by the Tribunal, the Transferor Companies shall not alienate, charge, mortgage, encumber or otherwise deal with the assets or any part thereof, without the prior written consent of the Transferee Company., save and except in its ordinary course of business.
- 11.4** The Transferor Companies shall carry on their business with reasonable diligence and in the same manner as it had been doing hitherto and the Transferor Companies shall not alter or substantially expand its business except with the written concurrence of the Transferee Company.
- 11.5** The Transferee Company shall be entitled, pending the sanction of the Scheme, to apply to the central government and all other agencies, departments and authorities concerned as are necessary under any law for such consents, approvals and sanctions which the Transferee Company may require to own and carry on the business of the Transferor Companies.

SECTION 3: ISSUANCE OF SHARES BY THE TRANSFEE COMPANY

- 12. The Provisions of this section shall operate notwithstanding anything to the contrary in any other instrument, deed or writing.**
- a) Subject to the provisions of clause 12.2 below, upon sanction of this Scheme by the Tribunal and in consideration of transfer and vesting of the Amalgamating Undertaking

of the Transferor Companies to the Transferee Company in terms of provisions of the Scheme, the Transferee Company shall, without any further application or deed, issue and allot equity share(s) to the members of the Transferor Companies whose names appear in the Register of members as on Record Date, in the following ratio (“**Share Exchange Ratio**”):

- Without giving effect to Clause 9 of the Scheme:
 - (c) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of First Transferor Company of Rs.100/- each fully paid-up based;
 - (d) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.
- After giving effect to Clause 9 of the Scheme:
 - (c) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 1000 (One Thousand Only) equity shares of First Transferor Company of Rs.10/- each fully paid-up.
 - (d) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.
- b) Since the First Transferor Company is the Holding Company of the Transferee and the Second Transferor Company upon sanction of this Scheme by the Tribunal, the inter-company shareholdings will be cancelled and there will be no issue of shares by the Transferee Company to the extent of the number of shares held by the First Transferor Company in Transferee Company and in the Second Transferor Company and the shares held by the First Transferor Company in the Transferee Company and in the Second Transferor Company, shall stand cancelled.
- c) The Audit Committee of the Transferee Company has taken into account the recommendations on the Share Exchange Ratio given by M/s. Deloitte Haskins & Sells, Chartered Accountants, acting as independent chartered accountants, and the fairness opinion provided by SBI Capital Markets Limited, acting as the Merchant Banker. On the basis of their evaluation and its own independent judgment, the Audit Committee

of the Transferee Company have recommended the Scheme, including the Share Exchange Ratio to the Board of Directors of the Transferee Company.

- d) The Board of Directors of the Transferee Company has taken into account the independent recommendations of the Audit Committee of the Transferee Company.
- e) The Board of Directors of the Transferee Company and the Transferor Companies have taken into account the recommendations of the Share Exchange Ratio given by M/s. Deloitte Haskins & Sells, Chartered Accountants.
- f) The Board of Directors of the Transferee Company have also taken into account the fairness opinion provided by M/s.SBI Capital Markets Limited in relation to the Share Exchange Ratio.
- g) The Board of Directors of the Transferee Company and the Transferor Companies based on the aforesaid advices / opinions and on the basis of their independent judgment and evaluation has come to the conclusion that the Share Exchange Ratio is fair and reasonable and has approved the same at their respective meetings held on 04.11.2016 (Fourth Day of November Two Thousand and Sixteen).
- h) The shares issued to the members of the Transferor Companies by the Transferee Company pursuant to sub-clause 12.1 above shall be issued in dematerialized form only by the Transferee Company with such shares being credited to the existing depository accounts of the respective members of the Transferor Companies entitled thereto, as per records maintained by the National Securities Depository Limited and / or Central Depository Services (India) Limited on the Record Date.
- i) The equity shares to be issued in terms of this clause shall be subject to the provisions of the Memorandum and Articles of Association of the Transferee Company. The new equity shares shall rank *pari-passu* in all respects, including dividend, with the existing equity shares of the Transferee Company.
- j) The members of the Transferee Company, on approval of the Scheme, shall be deemed to have given their approval under section 62 of the Companies Act, 2013 and other applicable provisions of the Act, for issue of fresh equity shares to the members of the Transferor Companies and the Transferee Company will not be required to pass any further resolution for issue and allotment of shares to the Shareholders of the Transferor Companies.

- k) All the equity shares issued pursuant to this Scheme to the members of the Transferor Companies shall be listed and/or admitted to trading on the BSE Limited and National Stock Exchange of India Limited, in accordance with applicable laws.
- l) In case any shareholder's holding in the Transferor Companies is such that the shareholder becomes entitled to a fraction of an equity share of the Transferee Company, the Transferee Company shall not issue fractional shares to such shareholder but shall round off the fractional share, if any, that may arise due to the implementation of clause 12.1 of the Scheme, to the nearest higher/ lower Integer.
- m) Notwithstanding anything to the contrary, upon the new shares in the Transferee Company being issued and allotted by it to the eligible shareholders of the Transferor Companies whose names appear on the Register of Members of the Transferor Companies as on the Record Date, the dematerialized shares held by them in the Transferor Companies shall be deemed to have been cancelled and shall be of no effect on and from such Record Date, without any further act, application, instrument or deed for cancellation thereof by the Transferee Company.

SECTION 4: ACCOUNTING TREATMENT

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

- 13.1** Upon sanction of this Scheme by the Tribunal, the Transferee Company shall record the assets and liabilities of the Transferor Companies transferred to the Transferee Company pursuant to this Scheme and account for the amalgamation of the Transferor Companies pursuant to this Scheme in accordance with Accounting Standard -14 under the Purchase method of accounting at fair market value as notified by the Companies (Accounting Standards) Rules, 2006, as amended from time to time.
- 13.2** The Transferee Company shall record the issuance of shares to the members of the Transferor Company at fair value as determined in the valuation report given by the independent valuer and accordingly credit to its share capital account the aggregate face value of the equity shares issued pursuant to this Scheme. The excess, if any, of the fair value of the equity shares over the face value of the equity shares so issued shall be credited to the Securities Premium Account of the Transferee Company.
- 13.3** Inter-corporate deposits / loans and advances, etc., if any, outstanding between the Transferee Company and any of the Transferor Company inter-se shall stand cancelled

and there shall be no further obligation / outstanding in that behalf. Any difference arising on such cancellation should be adjusted in the reserves of the Transferee Company.

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

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

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

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

Table depicting the authorized and paid up capital of the Transferee Company before and after the Scheme:

Particulars	No. of Shares	In Rupees	
		Face Value	Amount
Authorised capital of the Transferee Company before the Scheme:			
Equity Shares	1,00,00,000	10	10,00,00,000
Cumulative Redeemable Preference Shares	3,00,000	100	3,00,00,000
Cumulative or Non-cumulative and redeemable or otherwise preference shares	3,00,000	100	3,00,00,000
Authorised Capital of the Transferee Company upon restructuring Equity Shares	1,60,00,000	10	16,00,00,000
Add: Authorised capital of First Transferor Company upon restructuring:			
Equity Shares	1,85,00,000	10	18,50,00,000
Add: Authorised capital of Second Transferor Company upon restructuring:			
Equity Shares	95,00,000	10	9,50,00,000
Total Authorised capital upon sanction of this Scheme by the Tribunal:			
Equity Shares	4,40,00,000	10	44,00,00,000
			44,00,00,000
Paid up share capital before the Scheme:			
Fully paid up equity shares	88,84,254	10	8,88,42,540
Add: Forfeited shares (Amount originally paid up)	1,03,276	10	7,06,350
Less: Share capital held by the First Transferor Company	(45,90,608)	10	(4,59,06,080)
Add: Shares allotted to the shareholders of First Transferor Company (as per clause 12 of the Scheme)	68,61,095	10	6,86,10,950
Add: Shares allotted to the shareholders of Second Transferor Company (as per clause 12 of the Scheme)	148	10	1,480
Total paid up equity share capital upon sanction of this Scheme by the Tribunal:	1,11,54,889	10	11,22,55,240

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

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

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

14. Dissolution of the Transferor Companies

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

PART - C

GENERAL TERMS AND CONDITIONS

15. Impact of the Scheme on creditors

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

16. Dividends

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

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

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

17. Filing of applications / petitions with the Court

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

18. Modification of Scheme

18.1 The Transferee Company and the Transferor Companies by their respective Board of Directors or any Committee thereof or any Director authorized in that behalf (hereinafter referred to as the "Delegate") may assent to, or make, from time to time, any modifications or amendments or additions to this Scheme which the Court or any appropriate authority (s) under law may deem fit to approve or impose and which, the Transferee and Transferor Companies may in their discretion accept or such modifications or amendments or additions as the Transferee and Transferor Companies or as the case may be, their respective Delegate may deem fit, or require for the purpose of resolving any doubts or difficulties that may arise for carrying out this Scheme, and the Transferee and Transferor Companies by their respective Boards or Delegate are hereby authorized to do, perform and execute all acts, deeds, matters and things necessary for bringing this Scheme into effect, or review the position relating to the satisfaction of the conditions of this Scheme and if necessary, waive any of such conditions (to the extent permissible under law) for bringing this Scheme into effect. In the event that any conditions may be imposed by the Court or any authorities, which Transferee and Transferor Companies find unacceptable for any reason, then Transferee and Transferor Companies shall be at liberty to withdraw the Scheme. The aforesaid powers of Transferee and Transferor Companies may be exercised by their respective Delegates.

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

of this Scheme and if necessary, to waive any of those conditions (to the extent permissible under law).

19. Scheme Conditional Upon

19.1 This Scheme is conditional upon and subject to:

- (i) In-principle approval / Observation Letter from the Stock Exchanges being obtained.
- (ii) The Scheme being approved by a shareholders resolution of the Transferee Company passed by way of postal ballot and e-voting, provided that the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.
- (iii) It being agreed to by the respective requisite majorities of members of Transferee and Transferor Companies as required under the Act and the requisite orders of the Court being obtained.
- (iv) It being agreed to by the respective requisite majorities of creditors and the various classes of creditors (wherever applicable) of the Transferee and Transferor Companies as required under the Act and the requisite orders of the Court being obtained.
- (v) The requisite sanctions and approvals, as may be required by law in respect of this Scheme being obtained; and

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

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

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

20. Effect of non-receipt of approvals

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

21. Severability

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

22. Costs, charges, etc.

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

SCHEDULE I

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

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

SCHEDULE II

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

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

STRICTLY PRIVATE AND CONFIDENTIAL

Ref: DHS/G-200/461

4 November 2016

<p>To,</p> <p>The Board of Directors, Neuland Laboratories Limited</p> <p>Sanali Info Park, 'A' Block, Ground Floor, 8-2- 120/113, Road No 2, Banjara Hills, Hyderabad, 500034, Telangana, India.</p>	<p>To,</p> <p>The Board of Directors, Neuland Health Sciences Private Limited</p> <p>Sanali Info Park, 'A' Block, Ground Floor, 8-2- 120/113, Road No 2, Banjara Hills, Hyderabad, 500034, Telangana, India.</p>	<p>To,</p> <p>The Board of Directors, Neuland Pharma Research Private Limited</p> <p>Sanali Info Park, 'A' Block, Ground Floor, 8-2- 120/113, Road No 2, Banjara Hills, Hyderabad, 500034, Telangana, India.</p>
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Sub: Recommendation of the fair equity share exchange ratio for the purpose of the proposed merger of Neuland Health Sciences Private Limited and Neuland Pharma Research Private Limited into Neuland Laboratories Limited.

Dear Sir / Madam,

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



SCOPE AND PURPOSE OF THIS REPORT

We have been informed as under:

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

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

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

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

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



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

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

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

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

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



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

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

SOURCES OF INFORMATION

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

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



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

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

SCOPE LIMITATIONS, ASSUMPTIONS, QUALIFICATIONS, EXCLUSIONS AND DISCLAIMERS

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

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

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



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



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

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

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

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



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

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

This valuation report is subject to the laws of India.

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

SHARE CAPITAL DETAILS OF THE COMPANIES

Neuland Laboratories Limited

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



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

Neuland Health Sciences Private Limited

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

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

Neuland Pharma Research Private Limited

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



APPROACH - BASIS OF AMALGAMATION

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

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

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

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

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



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

Net Asset Value (NAV) Method

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

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



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

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

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

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

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



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

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

Discounted Cash Flows (DCF) Method

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

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

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

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

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

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



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

BASIS OF FAIR EQUITY SHARE EXCHANGE RATIO

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

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

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



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

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

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

Yours faithfully,

For **Deloitte Haskins & Sells,**

Chartered Accountants

Firm Registration No. 117365W



G. K. Subramaniam

Partner

[Membership No.: 109839]



Date: 04.11.2016

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

Dear Sirs/Madams,

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

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

Sources of Information:-

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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





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

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

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

Thanking you,

Yours faithfully,

For SBI Capital Markets Limited



Name: Ramnish Kochgave

Designation: Vice President

Disclaimer

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

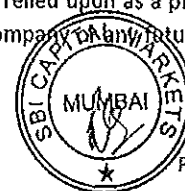
This certificate is issued by SBICAP without regard to specific objectives, suitability, financial situations and needs of any particular person and does not constitute any recommendation, and should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to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

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

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



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

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

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

Members Present:

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

In Attendance:

Mrs. Sarada Bhamidipati	- Company Secretary & Compliance Officer
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BACKGROUND:

1. A Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors (“Scheme”), was approved by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Companies on 04.11.2016, for the purpose of Amalgamation of M/s. Neuland Health Sciences Private Limited (First Transferor Company) and M/s. Neuland Pharma Research Private Limited (Second Transferor Company) with M/s. Neuland Laboratories Limited (Transferee Company) on a going concern basis with effect from 01.04.2016 (First Day of April, Two Thousand and Sixteen) being the appointed date.
2. The Board of Directors of the Company took note of the modifications made to the Scheme in view of the notification of sections 230 to 232 and section 66 of the Companies Act, 2013 (corresponding sections to sections 391 to 394 and sections 100 to 104 of the Companies

Act, 1956) by passing a resolution by way of circulation on 06.03.2017 (Sixth day of March, Two Thousand and Seventeen).

3. This report is being adopted pursuant to the requirement of section 232(2)(c) of the Companies Act, 2013, for circulating to the equity shareholders of the Company. This report explains the effect of the Scheme of Amalgamation and Arrangement on equity shareholders, key managerial personnel, promoters and non-promoter shareholders laying out in particular the share exchange ratio.
4. The Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors was approved by the Board of Directors of the Company taking in to consideration the rational, the Valuation Report dated 04.11.2016, issued by Deloitte Haskins & Sells, Chartered Accountants and the Fairness Opinion Certificate dated 04.11.2016, issued by SBI capital Markets Limited, Merchant Banker, on the Share Exchange Ratio recommended by the valuer, Deloitte Haskins & Sells, Chartered Accountants, opining that the Share Exchange Ratio is fair.
5. The Share Exchange Ratio as recommended by the Valuer is as follows:
 - Without giving effect to Clause 9 (Sub-division of face value of equity shares of First Transferor Company) of the Scheme:
 - (a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of First Transferor Company of Rs.100/- each fully paid-up based;
 - (b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.
 - After giving effect to Clause 9 (Sub-division of face value of equity shares of First Transferor Company) of the Scheme:

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

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

REPORT:

1. Since the First Transferor Company is the Holding Company and the Promoter of the Transferee Company and the Second Transferor Company, upon sanction of this Scheme by the Tribunal, the inter-company shareholdings will be cancelled and there will be no issue of shares by the Transferee Company to the extent of the number of shares held by the First Transferor Company in the share capital of the Transferee Company and in the in the share capital of the Second Transferor Company and the shares held by the First Transferor Company in the in the share capital of the Transferee Company and in the in the share capital of the Second Transferor Company, shall stand cancelled.
2. Upon sanction of this Scheme by the Tribunal, the equity shares of the Transferee Company held by the First Transferor Company shall stand cancelled. Accordingly, face value of such shares would be reduced from the paid up capital of the Transferee Company. Further, book value of such investment held in First Transferor Company over the face value of these shares shall be adjusted against the reserves of the Transferee Company.
3. The First Transferor Company is holding 45,90,608 (Forty Five Lakh Ninety Thousand Six Hundred and Eight) fully paid up equity shares of Rs.10/- (Rupees Ten only) each in the paid up share capital of the Transferee Company. Upon sanction of this Scheme by the Hon'ble Tribunal and other appropriate authorities, the paid up share capital of the Transferee Company will be reduced to the extent of the nominal value of the equity shares held by the First Transferor Company in the share capital of the Transferee Company as an integral part of the Scheme. The total amount of such reduction in the paid up capital of the Transferee Company is Rs.4,59,06,080/- (Rupees Four Crore Fifty Nine Lakh Six Thousand and Eighty only).

4. As far as the Shareholders of the Company are concerned (Promoter Shareholders as well as Non-Promoter Shareholders), the amalgamation of the Transferor Companies with the Transferee Company will result in dilution of holding of Promoter Group in the Transferee Company by approximately 10.40% and in turn an increase in the public holding of the Transferee Company to that extent. This will in turn increase the trading stock of the shares of the Transferee Company. The amalgamation will result in the promoter group of the Transferee Company directly holding shares in the Transferee Company, which will lead not only to simplification of the shareholding structure and reduction of shareholding tiers but also demonstrate the promoter group's direct commitment to and engagement with the Transferee Company. Pursuant to the Scheme, all the shareholders of the First Transferor Company will get shares of the Transferee Company and there will be no change in economic interest of any of the shareholders of the Transferee Company pre and post scheme.
5. The Scheme would not have any effect on Key Managerial Personnel of the Company.

On behalf of Neuland Laboratories Limited

Dr D R Rao
Director
DIN: 00107737

Place: Hyderabad
Date: 14.04.2017

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

Members Present:

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

BACKGROUND:

1. A Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors (“Scheme”), was approved by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Companies on 04.11.2016, for the purpose of Amalgamation of M/s. Neuland Health Sciences Private Limited (First Transferor Company) and M/s. Neuland Pharma Research Private Limited (Second Transferor Company) with M/s. Neuland Laboratories Limited (Transferee Company) on a going concern basis with effect from 01.04.2016 (First Day of April, Two Thousand and Sixteen) being the appointed date.
2. The Board of Directors of the Company took note of the modifications made to the Scheme in view of the notification of sections 230 to 232 and section 66 of the Companies Act, 2013 (corresponding sections to sections 391 to 394 and sections 100 to 104 of the Companies Act, 1956) by passing a resolution by way of circulation on 06.03.2017 (Sixth day of March, Two Thousand and Seventeen).
3. This report is being adopted pursuant to the requirement of section 232(2)(c) of the Companies Act, 2013, for circulating to the equity shareholders of the Company. This report explains the effect of the Scheme of Amalgamation and Arrangement on equity shareholders, promoters and non-promoter shareholders laying out in particular the share exchange ratio.
4. The Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors was approved by the Board of Directors of the

Company taking in to consideration the rationale and the Valuation Report dated 04.11.2016, issued by Deloitte Haskins & Sells, Chartered Accountants.

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

- Without giving effect to Clause 9 (Sub-division of face value of equity shares of First Transferor Company) of the Scheme:
 - (a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of First Transferor Company of Rs.100/- each fully paid-up based;
 - (b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.
- After giving effect to Clause 9 (Sub-division of face value of equity shares of First Transferor Company) of the Scheme:
 - (a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 1000 (One Thousand Only) equity shares of First Transferor Company of Rs.10/- each fully paid-up.
 - (b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.

REPORT:

1. Since the First Transferor Company is the Holding Company and the Promoter of the Transferee Company and the Second Transferor Company, upon sanction of this Scheme by the Tribunal, the inter-company shareholdings will be cancelled and there will be no issue of shares by the Transferee Company to the extent of the number of shares held by the First Transferor Company in the share capital of the Transferee Company and in the in the share capital of the Second Transferor Company and the shares held by the First Transferor Company in the in the share capital of the Transferee Company and in the in the share capital of the Second Transferor Company, shall stand cancelled.
2. Upon sanction of this Scheme by the Tribunal, the equity shares of the Transferee Company held by the First Transferor Company shall stand cancelled. Accordingly, face value of such shares would be reduced from the paid up capital of the Transferee Company. Further, book value of such investment held in First Transferor Company over the face value of these shares shall be adjusted against the reserves of the Transferee Company.

3. The First Transferor Company is holding 45,90,608 (Forty Five Lakh Ninety Thousand Six Hundred and Eight) fully paid up equity shares of Rs.10/- (Rupees Ten only) each in the paid up share capital of the Transferee Company. Upon sanction of this Scheme by the Hon'ble Tribunal and other appropriate authorities, the paid up share capital of the Transferee Company will be reduced to the extent of the nominal value of the equity shares held by the First Transferor Company in the share capital of the Transferee Company as an integral part of the Scheme. The total amount of such reduction in the paid up capital of the Transferee Company is Rs.4,59,06,080/- (Rupees Four Crore Fifty Nine Lakh Six Thousand and Eighty only).
4. As far as the Shareholders of the Company are concerned (Promoter Shareholders as well as Non-Promoter Shareholders), all of them will be issued and allotted equity shares in the share capital of the Transferee Company in accordance with the aforementioned share exchange ratio and the equity shares held by them in the Company will stand cancelled.
5. The Company does not have any Key Managerial Personnel.

On behalf of Neuland Health Sciences Private Limited

Place: Hyderabad
Date: 14.04.2017

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

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

Members Present:

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

BACKGROUND:

1. A Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors (“Scheme”), was approved by the Board of Directors of the Transferee Company and the Board of Directors of the Transferor Companies on 04.11.2016, for the purpose of Amalgamation of M/s. Neuland Health Sciences Private Limited (First Transferor Company) and M/s. Neuland Pharma Research Private Limited (Second Transferor Company) with M/s. Neuland Laboratories Limited (Transferee Company) on a going concern basis with effect from 01.04.2016 (First Day of April, Two Thousand and Sixteen) being the appointed date.
2. The Board of Directors of the Company took note of the modifications made to the Scheme in view of the notification of sections 230 to 232 and section 66 of the Companies Act, 2013 (corresponding sections to sections 391 to 394 and sections 100 to 104 of the Companies Act, 1956) by passing a resolution by way of circulation on 06.03.2017 (Sixth day of March, Two Thousand and Seventeen).
3. This report is being adopted pursuant to the requirement of section 232(2)(c) of the Companies Act, 2013, for circulating to the equity shareholders of the Company. This report explains the effect of the Scheme of Amalgamation and Arrangement on equity

shareholders, promoters and non-promoter shareholders laying out in particular the share exchange ratio.

4. The Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and their respective Shareholders and Creditors was approved by the Board of Directors of the Company taking in to consideration the rational and the Valuation Report dated 04.11.2016, issued by Deloitte Haskins & Sells, Chartered Accountants.
5. The Share Exchange Ratio as recommended by the Valuer is as follows:
 - Without giving effect to Clause 9 (Sub-division of face value of equity shares of First Transferor Company) of the Scheme:
 - (a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of First Transferor Company of Rs.100/- each fully paid-up based;
 - (b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.
 - After giving effect to Clause 9 (Sub-division of face value of equity shares of First Transferor Company) of the Scheme:
 - (a) 552 (Five hundred and fifty two only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 1000 (One Thousand Only) equity shares of First Transferor Company of Rs.10/- each fully paid-up.
 - (b) 410 (Four hundred and ten only) equity shares of Transferee Company of Rs.10/- each fully paid-up for every 100 (One Hundred Only) equity shares of Second Transferor Company of Rs.10/- each fully paid-up.

REPORT:

1. Since the First Transferor Company is the Holding Company and the Promoter of the Transferee Company and the Second Transferor Company, upon sanction of this Scheme by the Tribunal, the inter-company shareholdings will be cancelled and there will be no issue of shares by the Transferee Company to the extent of the number of shares held by the First Transferor Company in the share capital of the Transferee Company and in the in the share capital of the Second Transferor Company and the shares held by the First Transferor Company in the in the share capital of the Transferee Company and in the in the share capital of the Second Transferor Company, shall stand cancelled.
2. As far as the other Shareholder of the Company is concerned (Non-Promoter Shareholder), it will be issued and allotted equity shares in the share capital of the Transferee Company in accordance with the aforementioned share exchange ratio and the equity shares held by it in the share capital of the Company will stand cancelled.
3. The Company does not have any Key Managerial Personnel.

On behalf of Neuland Pharma Research Private Limited

**Place: Hyderabad
Date: 14.04.2017**

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

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

(All amounts in ₹ lakhs unless otherwise stated)

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

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

On behalf of **Neuland Laboratories Limited**

Sd/-

Dr. D.R.Rao

Chairman & Managing Director

DIN: 00107737

Place: Hyderabad

Date : 14th April 2017

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

(All amounts in ₹ lakhs except earnings per share)

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

On behalf of **Neuland Laboratories Limited**

Sd/-

Dr. D.R.Rao

Chairman & Managing Director

DIN: 00107737

Place: Hyderabad

Date : 14th April 2017

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

(All amounts in ₹ lakhs unless otherwise stated)

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

On behalf of **Neuland Laboratories Limited**

Sd/-

Dr. D.R.Rao

Chairman & Managing Director

DIN: 00107737

Place: Hyderabad

Date : 14th April 2017

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

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

1. Share capital

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

(a) Reconciliation of shares

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

(b) Terms and rights attached to equity shares

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

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

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

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

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

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

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

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

- (i) Pursuant to the resolution passed by the Board of directors on 20 July 2007 and members of the Company at the Annual General Meeting held on 20 July 2007, the Company had introduced Employee Stock Option Scheme ("the scheme") for permanent employees and directors of the Company and of its subsidiaries, as may be decided by the Compensation Committee/Board. The scheme provides that the total number of options granted thereunder will be not more than 3% of the paid up capital. Each option, on exercise, is convertible into one equity share of the Company having face value of 10. Pursuant to a resolution passed by the Remuneration and Compensation Committee on 17 November 2008, 34,500 options have been granted at an exercise price of 104 per equity share, which is the market price as on the date of the grant. Accordingly, the Company has not recognized any expense on account of grant of stock options.
- (ii) Changes in number of shares representing stock options outstanding as at the year ended on 31 December 2016 were as follows:

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

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

(All amounts in ₹ lakhs unless otherwise stated)

2. Reserves and surplus	As at 31 December 2016	As at 31 March 2016
Capital reserve	3.32	3.32
Securities premium reserve		
Balance at the beginning of the period / year	6,632.68	6,632.68
Add: Additions during the period / year	3.66	-
Balance at the end of the period / year	6,636.34	6,632.68
 General reserve		
Balance at the beginning and end of the period / year	2,789.66	2,789.66
 Revaluation reserve		
Balance at the beginning of the period / year	83.89	76.87
Add: Additions during the period / year	-	7.02
Balance at the end of the period / year	83.89	83.89
 Surplus in the Statement of Profit and Loss		
Balance at the beginning of the period / year	8,012.26	5,584.62
Add: Profit for the period / year	2,391.25	2,641.48
Balance at the end of the period / year	10,403.51	8,012.26
	19,916.72	17,521.81
 3. Long-term borrowings	As at 31 December 2016	As at 31 March 2016
Secured		
Term loans		
From banks	2,432.50	2,075.00
From other parties	2,066.27	2,452.25
Vehicle loans from banks	339.16	112.62
	4,837.93	4,639.87
 Unsecured		
Loans and advances from related parties	1,200.00	1,200.00
	6,037.93	5,839.87
Less: Current maturities of long-term borrowings (note 8)	1,642.74	1,299.87
	4,395.19	4,540.00

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

(All amounts in ₹ lakhs unless otherwise stated)

4. Deferred tax liabilities, net	As at 31 December 2016	As at 31 March 2016
Deferred tax liability:		
- Fixed assets	1,924.08	1,935.96
Deferred tax asset:		
- Employee benefits	(391.09)	(399.44)
- Trade receivables	(114.80)	(113.70)
Deferred tax liabilities, net	<u>1,418.19</u>	<u>1,422.82</u>
 5. Other long-term liabilities	 As at 31 December 2016	 As at 31 March 2016
Security deposits	233.00	233.00
Others	20.00	20.00
	<u>253.00</u>	<u>53.00</u>
 6. Long-term provisions	 As at 31 December 2016	 As at 31 March 2016
Provision for gratuity, funded	651.05	593.15
Provision for leave encashment, unfunded	97.47	91.77
	<u>748.52</u>	<u>684.92</u>
 7. Short-term borrowings	 As at 31 December 2016	 As at 31 March 2016
Loans repayable on demand		
Secured		
From banks	13,102.24	12,362.90
	<u>13,102.24</u>	<u>12,362.90</u>
 8. Other current liabilities	 As at 31 December 2016	 As at 31 March 2016
Current maturities of long-term borrowings	1,642.74	1,299.87
Interest accrued but not due	11.53	27.59
Advance from customers	1,444.64	2,176.82
Due to related parties	1,810.77	264.03
Employee related liabilities	127.05	192.56
Statutory liabilities	303.67	305.51
Unclaimed dividends	8.67	8.21
Capital creditors	230.59	933.19
Expenses payable	483.37	566.51
	<u>6,063.03</u>	<u>5,774.29</u>
 9. Short-term provisions	 As at 31 December 2016	 As at 31 March 2016
Provision for gratuity, funded	55.96	53.03
Provision for leave encashment, unfunded	73.82	76.54
Provision for income tax, net	17.06	202.37
Provision for wealth tax	0.94	0.94
	<u>147.78</u>	<u>546.72</u>

Neuland Laboratories Limited

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

(All amounts in lakhs unless otherwise stated)

10. Tangible assets

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

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

(All amounts in ₹ lakhs unless otherwise stated)

11. Intangible assets

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

12. Non-current investments

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

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

(All amounts in ₹ lakhs unless otherwise stated)

	<u>As at 31 December 2016</u>	<u>As at 31 March 2016</u>
Other non-current investments, Others, Quoted		
SBI Mutual Fund		
100,000 (31 March 2016: 100,000) units of 10 each	10.00	10.00
Total investments in other non-current investments (D)	10.00	10.00
 Total non-current investments (A+B+C+D)	 754.58	 754.58
Less: Provision for diminution in value of investments	-	-
	754.58	754.58
 Quoted investments	 10.00	 10.00
Market value of quoted investments	10.00	10.00
Unquoted investments	744.58	744.58
 13. Loans and advances (Unsecured, considered good)		
	<u>As at 31 December 2016</u>	<u>As at 31 March 2016</u>
Long-term		
Capital advances	63.11	26.49
Prepaid expenses	39.93	49.96
Security deposits	286.23	284.38
Loans and advances to related parties	14.79	14.79
MAT credit receivable	720.98	1,124.23
Balances with government authorities	810.53	820.82
	1,935.57	2,320.67
Short-term		
Loans and advances to related parties	124.61	835.17
Prepaid expenses	312.45	305.25
Balances with government authorities	1,537.64	2,264.88
Advances for purchases and expenses	1,860.67	1,507.36
Other advances	175.40	46.34
	4,010.77	4,959.00
 14. Inventories		
	<u>As at 31 December 2016</u>	<u>As at 31 March 2016</u>
Raw materials	3,281.99	3,578.41
Work-in-progress	4,939.61	5,254.44
Finished goods	3,016.03	3,514.38
Stores and consumables	403.42	319.06
	11,641.05	12,666.29
 15. Trade receivables		
	<u>As at 31 December 2016</u>	<u>As at 31 March 2016</u>
Due for a period exceeding six months:		
Unsecured, considered good	38.72	64.41
Unsecured, considered doubtful	331.72	329.03
	370.44	393.44

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

(All amounts in ₹ lakhs unless otherwise stated)

	<u>As at 31 December 2016</u>	<u>As at 31 March 2016</u>
Less: Provision for doubtful receivables	<u>331.72</u>	<u>329.03</u>
	<u>38.72</u>	<u>64.41</u>
Other debts:		
Unsecured, considered good	<u>14,849.73</u>	<u>11,846.42</u>
	<u>14,888.45</u>	<u>11,910.83</u>
16. Cash and bank balances		
	<u>As at 31 December 2016</u>	<u>As at 31 March 2016</u>
Cash and cash equivalents		
Balances with banks in current accounts	<u>122.66</u>	<u>147.07</u>
Cash on hand	<u>1.78</u>	<u>1.98</u>
	<u>124.44</u>	<u>149.05</u>
Other bank balances		
Deposits with a maturity period of over 3 months but less than 12 months*	<u>896.53</u>	<u>746.76</u>
Unpaid dividend account	<u>8.67</u>	<u>8.21</u>
	<u>905.20</u>	<u>754.97</u>
	<u>1,029.64</u>	<u>904.02</u>
17. Other current assets (Unsecured, considered good)		
	<u>As at 31 December 2016</u>	<u>As at 31 March 2016</u>
Export benefits receivable	<u>789.45</u>	<u>675.11</u>
Interest accrued on bank deposits	<u>278.04</u>	<u>218.54</u>
	<u>1,067.49</u>	<u>893.65</u>
18. Revenue from operations		
	<u>Nine months ended 31 December 2016</u>	<u>Year ended 31 March 2016</u>
Sale of products	<u>42,494.70</u>	<u>49,328.49</u>
Other operating revenues		
Job work income	-	613.21
Export incentives	<u>892.85</u>	<u>1,076.20</u>
Corporate support fee	<u>168.69</u>	<u>198.03</u>
Rental income	<u>179.10</u>	<u>242.40</u>
Scrap sales	<u>69.39</u>	<u>290.46</u>
	<u>1,310.03</u>	<u>2,420.30</u>
Total revenue from operations	<u>43,804.73</u>	<u>51,748.79</u>
19. Other income		
	<u>Nine months ended 31 December 2016</u>	<u>Year ended 31 March 2016</u>
Interest income	<u>66.84</u>	<u>74.95</u>
Foreign exchange gain, net	-	46.01
Profit on sale of assets, net	-	6.42
Miscellaneous income	<u>0.98</u>	<u>34.53</u>
	<u>67.82</u>	<u>161.91</u>

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

(All amounts in ₹ lakhs unless otherwise stated)

20. Cost of raw materials consumed*

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

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

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

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

22. Employee benefits expense

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

23. Finance costs

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

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

(All amounts in ₹ lakhs unless otherwise stated)

24. Manufacturing expenses

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

25. Other expenses

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

On behalf of **Neuland Laboratories Limited**

Sd/-

Dr. D.R.Rao

Chairman & Managing Director

DIN: 00107737

Place: Hyderabad

Date : 14th April 2017

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

(All amounts in ₹ lakhs unless otherwise stated)

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

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

Place: Hyderabad
Date : 14th April 2017

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

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

(All amounts in ₹ lakhs unless otherwise stated)

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

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

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

Place: Hyderabad
Date : 14th April 2017

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

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

(All amounts in ₹ lakhs unless otherwise stated)

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

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

Place: Hyderabad
Date : 14th April 2017

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

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

(All amounts in ₹ lakhs except share data)

3. Share capital

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

(a) Reconciliation of shares
Equity shares of 100 each

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

(b) Terms and rights attached to equity shares

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

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

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

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

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

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

(All amounts in ₹ lakhs unless otherwise stated)

4. Reserves and surplus	As at 31 December 2016	As at 31 March 2016
Securities premium reserve		
Balance at the beginning and end of the period / year	2,911.94	2,911.94
Surplus in the statement of profit and loss		
Balance at the beginning of the period / year	(132.82)	11.57
Add: Loss for the period / year	(141.61)	(144.39)
Balance at the end of the period / year	(274.43)	(132.82)
	2,637.51	2,779.12
5. Long-term provisions	As at 31 December 2016	As at 31 March 2016
Provision for employee benefits		
- gratuity, unfunded	8.10	6.82
- compensated absences	5.31	5.00
	13.41	11.82
6. Other current liabilities	As at 31 December 2016	As at 31 March 2016
Advance from customers	84.52	-
Due to group companies	124.61	74.39
Dues to employees	3.92	2.53
Statutory liabilities	5.07	5.50
Others	1.00	0.99
	219.12	83.41
Trade payables	As at 31 December 2016	As at 31 March 2016
Sundry creditors		
Dues to micro and small enterprises [Refer (a) below]	-	-
Dues to others	41.36	16.44
	41.36	16.44

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

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

(All amounts in ₹ lakhs except share data)

7. Tangible assets

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

8. Non-current investments

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

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

(All amounts in ₹ lakhs unless otherwise stated)

9. Loans and advances

(Unsecured, considered good)

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

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

Short-term

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

10. Inventories

	<u>As at 31 December 2016</u>	<u>As at 31 March 2016</u>
Chemicals and consumables	0.94	4.64
	<u>0.94</u>	<u>4.64</u>

11. Trade receivables

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

12. Cash and bank balances

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

13. Revenue from operations

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

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

(All amounts in ₹ lakhs unless otherwise stated)

14. Other income

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

15. Employee benefit expense

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

16. Other expenses

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

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

Place: Hyderabad
Date : 14th April 2017

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

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

(All amounts in ₹ lakhs of unless otherwise stated)

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

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

Place: Hyderabad
Date : 14th April 2017

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

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

(All amounts in ₹ lakhs of unless otherwise stated)

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

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

Place: Hyderabad
Date : 14th April 2017

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

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

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

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

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

Sd/-

Dr. D.R.Rao

Director

DIN: 00107737

Place: Hyderabad

Date : 14th April 2017

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

(All amounts in ₹ lakhs of except share data)

1. Share capital

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

(a) Reconciliation of shares
Equity shares of 10 each

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

CCCPS of 10 each

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

(b) Terms and rights attached to equity shares

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

(c) Terms and rights attached to CCCPS

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

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

(All amounts in ₹ lakhs of except share data)

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

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

(e) Details of equity shares held by holding company

	<u>As at 31 December 2016</u>	<u>As at 31 March 2016</u>
	Number	Number
Equity shares of 10 each		
NHSPL	<u>499,965</u>	<u>499,965</u>

2. Reserves and surplus

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

3. Deferred Taxation

	<u>As at 31 December 2016</u>	<u>As at 31 March 2016</u>
Deferred tax liabilities		
-On fixed assets	68.38	62.27
Deferred tax assets		
-Employee benefits and others	<u>(44.50)</u>	<u>(38.69)</u>
Deferred tax liability, net	<u>23.88</u>	<u>23.59</u>

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

(All amounts in ₹ lakhs of unless otherwise stated)

4. Long-term provisions

	<u>As at31 December 2016</u>	<u>As at31 March 2016</u>
Provision for employee benefits		
- gratuity, unfunded	70.13	66.11
- compensated absences	45.49	48.52
	<u>115.62</u>	<u>114.63</u>

5. Other current liabilities

	<u>As at31 December 2016</u>	<u>As at31 March 2016</u>
Advance from customers	756.67	355.54
Due to employees	18.14	23.39
Statutory liabilities	257.52	42.72
	<u>1,032.33</u>	<u>421.65</u>

6. Short-term provisions

	<u>As at31 December 2016</u>	<u>As at31 March 2016</u>
Provision for employee benefits- gratuity, unfunded	2.81	2.81
	<u>2.81</u>	<u>2.81</u>

Neuland Pharma Research Private Limited

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

(All amounts in ₹ lakhs of unless otherwise stated)

7. Tangible assets

	<u>Land</u>	<u>Buildings</u>	<u>Plant and equipment</u>	<u>Furniture and fixtures</u>	<u>Computers</u>	<u>Total</u>
Gross block						
Balance as at 1 April 2016	87.23	702.13	286.71	4.89	40.84	1,121.80
Additions	-	-	-	-	-	-
Balance as at 31 December 2016	<u>87.23</u>	<u>702.13</u>	<u>286.71</u>	<u>4.89</u>	<u>40.84</u>	<u>1,121.80</u>
Accumulated depreciation						
Up to 1 April 2016	-	72.68	14.17	-	10.27	97.13
Depreciation charge	-	16.59	18.48	0.24	7.74	43.05
Up to 31 December 2016	<u>-</u>	<u>89.27</u>	<u>32.65</u>	<u>0.24</u>	<u>18.01</u>	<u>140.1</u>
Net block						
Balance as at 31 December 2016	87.23	612.86	254.06	4.65	22.83	981.62
Balance as at 31 March 2016	87.23	629.45	272.54	4.89	30.57	1,024.67

Note:

Land and buildings owned by the Company are subject to first charge against the loans taken by Neuland Laboratories Limited, a fellow subsidiary of the Company.

8. Loans and advances

(Unsecured, considered good)

	<u>As at 31 December 2016</u>	<u>As at 31 March 2016</u>
Long-term		
Security deposit	234.04	233.00
Loans and advances to related parties*	300.00	300.00
Balances with government authorities	181.50	154.38
Advance tax, net	406.33	375.27
	<u>1,121.87</u>	<u>1,162.63</u>
Short-term		
Balances with government authorities	112.95	91.53
Advances for purchases and others	47.52	30.71
	<u>160.47</u>	<u>196.63</u>

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

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

(All amounts in ₹ lakhs of unless otherwise stated)

9. Inventories	As at 31 December 2016	As at 31 March 2016
Chemicals and consumables	49.64	72.72
Raw materials	2.76	2.55
	<u>52.40</u>	<u>75.27</u>
10. Trade receivables	As at 31 December 2016	As at 31 March 2016
Due for a period exceeding six months		
Unsecured, considered good	-	18.07
Unsecured, considered doubtful	18.64	12.55
	<u>18.64</u>	<u>30.62</u>
Less: Provision for doubtful receivables	18.64	12.55
	<u>-</u>	<u>18.07</u>
Other debts		
Unsecured, considered good	1,872.80	809.45
	<u>1,872.80</u>	<u>827.52</u>
11. Cash and cash equivalents	As at 31 December 2016	As at 31 March 2016
Balances with banks		
- on current accounts	39.97	418.94
Cash on hand	0.98	1.56
	<u>40.95</u>	<u>420.50</u>
12. Other current assets (Unsecured, considered good)	As at 31 December 2016	As at 31 March 2016
Exports benefits receivable	67.97	66.11
	<u>67.97</u>	<u>66.11</u>
13. Revenue from operations	Nine months ended 31 December 2016	Year ended 31 March 2016
I. Sale of services		
Revenue from research services	1,496.12	1,278.95
Revenue from business support services	2,540.24	1,255.44
II. Sale of products	184.73	2,191.49
III. Other operating revenues		
Sale of impurities	161.34	243.10
Export entitlements	1.86	4.73
	<u>4,384.29</u>	<u>4,973.71</u>
14. Employee benefit expense	Nine months ended 31 December 2016	Year ended 31 March 2016
Salaries and wages	957.79	1,121.32
Contribution to provident and other funds	61.52	81.44
Staff welfare expenses	21.00	23.65
	<u>1,040.31</u>	<u>1,226.41</u>

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

(All amounts in ₹ lakhs of except share data)

15. Finance costs

	Nine months ended 31 December 2016	Year ended 31 March 2016
Bank charges	2.69	10.93
Interest expense - others	-	65.55
	<u>2.69</u>	<u>76.48</u>

16. Other expenses

	Nine months ended 31 December 2016	Year ended 31 March 2016
Consumption of stores and consumables	442.02	423.44
Power and fuel	43.58	51.62
Repairs - others	114.17	73.14
Effluent treatment charges	5.59	11.66
Testing and Packaging charges	0.38	1.52
Rent	179.77	238.02
Rates and taxes	4.10	24.13
Insurance	3.79	15.55
Subscriptions	24.87	20.07
Travelling and conveyance	179.65	245.82
Legal and professional fees	230.40	238.83
Payment to auditors		
- As auditor	3.11	5.50
- For reimbursement of expenses	0.01	0.04
Sales promotion expenses	636.43	716.27
Provision for doubtful debts	6.09	12.55
Freight and forwarding charges	6.75	24.31
Foreign exchange loss, net	1.71	18.27
Miscellaneous expenses	17.46	29.67
	<u>1,899.88</u>	<u>2,150.43</u>

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

Place: Hyderabad
Date : 14th April 2017

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

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, BENCH, AT HYDERABAD
C.A.(CAA)NO.21/230/HDB/2017
IN THE MATTER OF COMPANIES ACT, 2013 (18 of 2013)
IN THE MATTER OF SECTIONS 230 TO 232 READ WITH SECTION 66OF THE COMPANIES ACT,
2013
AND
IN THE MATTER OF SCHEME OF AMALGAMATION AND ARRANGEMENT
AND
IN THE MATTER OF NEULAND LABORATORIES LIMITED
(TRANSFEREE COMPANY)
AND
NEULAND HEALTH SCIENCES PRIVATE LIMITED
(FIRST TRANSFEROR COMPANY)
AND
NEULAND PHARMA RESEARCH PRIVATE LIMITED
(SECOND TRANSFEROR COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

M/s. "Neuland Pharma Research Private Limited", a Company incorporated under the provisions of the Companies Act, 1956, bearing CIN: U73100TG2012PTC080474 and having its registered office situated at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India, represented by its Director, Dr Davuluri Rama Mohan Rao, email: ir@neulandlabs.com, Ph: 040-30211600.

....Applicant / Second Transferor Company

HON'BLE NATIONAL COMPANY LAW TRIBUNAL CONVENED MEETING 30TH DAY OF MAY,
2017
PROXY FORM

Name of the member(s) :
Registered address :
Folio no. / Client ID No. / DP ID No. :
No. of Shares held :

I / We, being the member(s) of the above named company, hereby appoint:

1. Name: E-mail: Address:
Signature: _____, or failing him / her
2. Name: E-mail: Address:
Signature: _____, or failing him / her
3. Name: E-mail: Address:
Signature: _____, or failing him / her

her as my / our proxy to attend and vote (on a poll) for me / us and on my / our behalf at the Tribunal Convened Meeting of the Company, to be held on 30th day of May, 2017, at 11:30 A.M., at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034, Telangana, India, and at any adjournment thereof in respect of such resolution as are indicated below:

Sl. No.	Resolution	For	Against
Special Business:			
1.	Approval to the Scheme of Amalgamation and Arrangement between Neuland Laboratories Limited (Transferee Company) and Neuland Health Sciences Private Limited (First Transferor Company) and Neuland Pharma Research Private Limited (Second Transferor Company) and Their Respective Shareholders and Creditors.		

Please put a tick mark (/) in the appropriate column against the resolution indicated in the box. If a member leaves the “For” or “Against” column blank against the resolution, the proxy will be entitled to vote in the manner he/she thinks appropriate. If a member wishes to abstain from voting on the resolution, he/she should write “Abstain” across the boxes against the resolution.

Signed this day of

.....

Signature of the member(s)

Signature of the proxy holder(s)

Affix
revenue
stamp of
One Rupee

Notes:

1. This form, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the meeting. A Proxy need not be a member of the Company.
2. 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 vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
3. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.
4. In case a member wishes his/her votes to be used differently, he/she should indicate the number of shares under the columns “For” or “Against” as appropriate.

**BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL, BENCH, AT HYDERABAD
C.A.(CAA)NO.21/230/HDB/2017
IN THE MATTER OF COMPANIES ACT, 2013 (18 of 2013)
IN THE MATTER OF SECTIONS 230 TO 232 READ WITH SECTION 66OF THE COMPANIES ACT,
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AND
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AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

M/s. "Neuland Pharma Research Private Limited",a Company incorporated under the provisions of the Companies Act, 1956, bearing CIN: U73100TG2012PTC080474and having its registered office situated at Sanali Info Park, 'A' Block, Ground Floor, 8-2-120/113, Road No. 2, Banjara Hills, Hyderabad - 500034, Telangana, India, represented by its Director, Dr Davuluri Rama Mohan Rao, email: ir@neulandlabs.com, Ph: 040-30211600.

....Applicant / Second Transferor Company

HON'BLE NATIONAL COMPANY LAW TRIBUNAL CONVENED MEETING 30TH DAY OF MAY, 2017

ATTENDANCE SLIP

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of Neuland Pharma Research Private Limited. I hereby record my presence at the Hon'ble National Company Law Tribunal Convened Meeting of the shareholders of Neuland Pharma Research Private Limited on Tuesday, the 30th day of May, 2017, at Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034, Telangana, India.

Reg. Folio No. :

No. of Shares held :

Name & Address of Member :

Signature of Shareholder /Proxy/Representative
(Please Specify)

Route Map of the Venue of the Meeting: Hotel Taj Krishna, situated at Road No. 1, Mada Manzil, Banjara Hills, Hyderabad - 500034, Telangana, India:

