



AN ISO 9001 & A WHO GMP CERTIFIED COMPANY



To,

Date: 24.01.2020

BSE Limited,
P.J. Towers, Dalal Street,
Mumbai-400001

Dear Sir/ Madam,

Sub: Notice of the Hon'ble National Company Law Tribunal convened meeting of the Equity Shareholders of Ortin Laboratories Limited

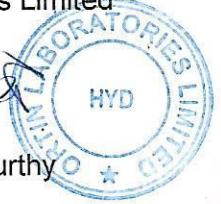
Ref: BSE Scrip code: 539287, NSE - ORTINLABSS

With reference to the subject cited, please find attached herewith the notice of the Hon'ble Tribunal convened meeting of the Equity Shareholders of Ortin Laboratories Limited as per the directions of the Hon'ble National Company Law Tribunal, Bench at Hyderabad scheduled to be held on Wednesday, 26th Day of February, 2020 at 11.00 A.M. at 8-113/A/1, Hotel Minerva Banquets, Kothapet, Hyderabad- 500035, Telangana.

This is for the information and records of the Exchange, please.

Yours faithfully,
For Ortin laboratories Limited

S. Murali Krishna Murthy
Managing Director
DIN: 00540632



Encl. as above

**'HON'BLE NATIONAL COMPANY LAW
TRIBUNAL CONVENED MEETING OF
THE EQUITY SHAREHOLDERS
OF
ORTIN LABORATORIES LIMITED
(CIN: L24110TG1986PLC006885)
REGD OFF: D. NO: 3-4-512/35 (43/4RT),
OPP: BARKATPURA PARK, BARKATPURA
HYDERABAD-500027, TELANGANA, INDIA
EMAIL:info@ortinlabsindia.com**

DAY	WEDNESDAY
DATE	26th DAY OF FEBRUARY, 2020
TIME	11.00 A.M.
VENUE	8-113/A/1, HOTEL MINERVA BANQUETS, KOTHAPET, HYDERABAD- 500035, TELANGANA

ORTIN LABORATORIES LIMITED

RESOLUTION 1: APPROVAL OF SCHEME OF ARRANGEMENT

"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, read with the National Company Law Tribunal Rules, 2016, the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 including any statutory modifications, amendments, re-enactments thereof for the time being in force, the applicable 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 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 Arrangement of Ortin Laboratories Limited (Demerged Company or Transferor Company) and Vineet Laboratories Limited (Resulting Company or Transferee Company) and their respective Shareholders and Creditors" ("Scheme"), providing for demerger of API Intermediates Division/Undertaking of the Demerged Company with the Resulting Company on a going concern basis with effect from 01.04.2020 (First Day of April, Two Thousand and Twenty) being the appointed date, as placed before the meeting and initiated 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 arrangement/demerger 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".

RESOLUTION 2: RECLASSIFICATION OF PERSONS FORMING PART OF THE PROMOTER GROUP FROM 'PROMOTER & PROMOTER GROUP CATEGORY' TO 'PUBLIC CATEGORY':

"RESOLVED THAT in accordance with Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modification(s) or re-enactment thereof, for the time being in force and other applicable provisions, the consent of the shareholders of the Company be and is hereby accorded to reclassify the following persons/entities (hereinafter individually and jointly referred to as the 'applicants') forming part of the Promoter Group from 'Promoter & Promoter Group Category' to 'Public Category' as per the Scheme of Arrangement between Ortin Laboratories Limited (demerged company) and Vineet Laboratories Limited (resulting company).

ORTIN LABORATORIES LIMITED

ORTIN LABORATORIES LIMITED
(CIN: L24110TG1986PLC006885)
REGD OFF: D. NO: 3-4-512/35 (43/4RT), OPP: BARKATPURA PARK, BARKATPURA
HYDERABAD-500027, TELANGANA, INDIA
EMAIL: info@ortinlabsindia.com

NOTICE OF THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL (TRIBUNAL)
CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF THE COMPANY

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ORTIN LABORATORIES LIMITED

Sl. No.	Name of shareholder	No of shares held	% of the paid up capital
1	SatyanarayanarajuBhupathiraju	496130	2.93
2	A. Srinivas Raju	392634	2.32
3	A RangaRaju	302775	1.79
4	A PrabhakarRaju	616933	3.64
5	A Maithali	323310	1.91
6	VenkataRamanaGaddam	818409	4.83
7	A Anantalakshmi	319022	1.88
8	Venkata Rama Gaddam	767247	4.53
9	GaddamSrinivasaRao	69680	0.41
10	GaddamBalaji	32680	0.19
	Total	4138820	24.43

"RESOLVED FURTHER THAT re-classification of promoter as public shareholders shall be subject to Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 including any statutory modification(s) or re-enactment thereof."

"RESOLVED FURTHER THAT after such reclassification following shall be the Promoters of the Company."

Sl. No.	Name of shareholder	No of shares held	% of the paid up capital
1	S Murali Krishna Murthy	143475	0.85
2	S. BalajiVenkateswarulu	157827	0.93
3	S Sarath Kumar	120200	0.71
4	S VenkataSujatha	122800	0.72
5	Lakshmi ShrivaniDasari	87500	0.52
6	S Srinivas Kumar	246723	1.46
7	S HemaKumari	110200	0.65
8	S Tandav Krishna	90650	0.54
9	S Ravi Sankar	85000	0.50
10	S Rajeshwari	39110	0.23
11	S Krishna Karthik	60000	0.35
12	S Satya Praveen Kumar	79316	0.47
13	S. Nagajyothi	90290	0.53
14	S Venkataratnamma	192389	1.14
15	S. VenkataSubbamma	101250	0.6
16	S Mohan Krishna Murthy	35816	0.21
	Total	1762546	10.41

ORTIN LABORATORIES LIMITED

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL
BENCH AT HYDERABAD
C.A. (CAA) NO.230/230/HDB/2019
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 ALL OTHER APPLICABLE PROVISIONS OF THE
COMPANIES ACT, 2013

**IN THE MATTER OF SCHEME OF ARRANGEMENT
OF
ORTIN LABORATORIES LIMITED
(DEMERGED COMPANY OR TRANSFEROR COMPANY)
AND
VINEET LABORATORIES LIMITED
(RESULTING COMPANY OR TRANSFERREE COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

Ortin Laboratories Limited, a Company incorporated under the Companies Act, 1956, bearing CIN: L24110TG1986PLC006885 and having its Registered Office at D. No: 3-4-512/35 (43/4RT), Opp: Barkatpura Park, Barkatpura Hyderabad-500027, Telangana, India, represented by its Managing Director, Mr. S. Murali Krishna Murthy (DIN: 00540632) email: info@ortinlabsindia.com, Ph: 9440047800.

...Applicant Company / Demerged Company/Transferor Company

**NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE EQUITY
SHAREHOLDERS OF ORTIN LABORATORIES LIMITED / APPLICANT /
TRANSFEROR COMPANY AS PER THE DIRECTIONS OF THE HON'BLE
NATIONAL COMPANY LAW TRIBUNAL, BENCH AT HYDERABAD**

To
The Equity Shareholders of
Ortin Laboratories Limited
("The Company" or "Applicant Company / Transferor Company/Demerged
Company")

NOTICE is hereby given that pursuant to an order dated the 6th day of January, 2020, passed in Company Application bearing no. C.A. (CAA) NO.230/230/HDB/2019, the Hyderabad Bench of the Hon'ble National Company Law Tribunal, has inter-alia directed that a meeting to be held on Wednesday, 26.02.2020 at 11.00 a.m. at 8-113/A/1, Hotel Minerva Banquets, Kothapet, Hyderabad - 500035, Telangana, of the Equity Shareholders of Ortin Laboratories Limited (Transferor Company/ Demerged Company) for the purpose of considering, and if thought fit, approving with or without modification, the Scheme of Arrangement of Ortin Laboratories Limited (Demerged Company or Transferor Company) and Vineet Laboratories Limited (Resulting Company or Transferee Company) and their respective Shareholders and Creditors ("Scheme"), by passing the following Resolutions:

ORTIN LABORATORIES LIMITED

"RESOLVED FURTHER THAT the disclosures given under clause 9.1.2 of the Explanatory Statement of this Notice is hereby noted and approved."

"RESOLVED FURTHER THAT Board be and is hereby authorized to take such steps expedient or desirable to give effect to this resolution."

In pursuance of the said Order and as directed therein further notice is hereby given that a meeting of the Equity Shareholders of Ortin Laboratories Limited (Demerged Company) will be held on Wednesday, the 26th day of February, 2020, at 11.00 a.m. at 8-113/A/1, Hotel Minerva Banquets, Kothapet, Hyderabad- 500035, Telangana at which date, time and place the Equity Shareholders of the Company are requested to attend and vote.

Equity Shareholders 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 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, Reports adopted by the Board of Directors of the Demerged Company and the Resulting Company, explaining the effect of Scheme on key managerial personnel, promoters and non-promoter Shareholders, Audited Financial Statements of the Demerged Company and the Resulting Company as on 31st March, 2019, Supplementary Unaudited Financial Statements of the Demerged Company and the Resulting Company and for the period ended on 30th day of September, 2019, Certificates issued by the auditors of the Companies confirming the Accounting Treatment proposed in the Scheme, a form of Proxy and attendance slip are forming part of this notice and also available at the website of the Company www.ortinlabsindia.com.

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 was pleased to appoint Mr. Amir Ali Bavani, Advocate, as the Chairperson and Ms. N. Varalakshmi, Practicing Company Secretary, as the Scrutinizer for convening the said meeting.

The above mentioned Scheme of Arrangement of Ortin Laboratories Limited (Demerged Company or Transferor Company) and Vineet Laboratories Limited (Resulting Company or Transferee Company) and their respective Shareholders and Creditors ("Scheme"), if approved by the meeting, will be subject to the subsequent approval of the National Company Law Tribunal, Bench at Hyderabad.

Dated this 20th day of January, 2020
Hyderabad

Amir Ali Bavani
Chairperson - Tribunal Convened
Meeting of Equity Shareholders of
Ortin Laboratories Limited

ORTIN LABORATORIES LIMITED

Notes:

1. **AN EQUITY SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF ITSELF AND THE PROXY NEED NOT BE AN EQUITY SHAREHOLDER 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. A person can act as proxy on behalf of Members up to and not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. Further, a Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or Member.
3. No person shall be appointed as a proxy who is a minor.
4. Equity Shareholder, who are all the Equity Shareholders of the Company as on 19.02.2020 may attend and vote at the meeting. The Authorized Representative of a body corporate which is an Equity Shareholder of the 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 Company not later than 48 hours before the meeting.
5. The proxy of an Equity Shareholder blind or incapable of writing may be accepted if such Equity Shareholder 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 Equity Shareholder before he attached his signature or mark.
6. The proxy of an Equity Shareholder who does not know English may be accepted if it is executed in the manner prescribed at point no. 5 above and the witness certifies that it was explained to the Equity Shareholder in the language known to him, and gives the Equity Shareholder's name in English below the signature.
7. An Equity Shareholder or his/her/his 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.
8. An equity shareholder (in case such equity shareholder is an individual) or the authorized representative of the equity shareholder (in case such equity shareholder is a body corporate) or the proxy holder, should carry their valid and legible identity proof issued by a statutory authority (i.e., a PAN Card/ Aadhaar Card/ Passport/ Driving License/ Voter ID Card). Additionally, an equity shareholder (in case such equity shareholder is a sole proprietorship) or the

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- shareholding as mentioned therein. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- (vii) Shareholders holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.
 - (ix) In case you do not desire to cast your vote on the item it will be treated as abstained.
 - (x) You may then cast your vote by selecting an appropriate option and click on "Submit".
 - (xi) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution.
 - (xii) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter, etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail ID: ip.varalakshmin@gmail.com with a copy marked to evoting@karvy.com. The scanned images of the above mentioned documents should be in the naming format "CorporateName_EVENTNO."
 - (xiii) In case a person has become the Member of the Company after the dispatch of Notice but on or before the cut-off date i.e., 19.02.2020, may write to the Karvy on the email id: evoting@karvy.com or to Mr. Praveen Chaturvedi, Contact No. 040-67162222, at [Unit: Ortin Laboratories Limited], KFin Technologies Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast the vote.
- B. In case of Members receiving physical copy of the Notice by Post [for Members whose email IDs are not registered with the Company/Depository Participant(s)]:
- (i) User ID and initial password are provided below.
 - (ii) Please follow all steps from Sr. No. (i) to (xii) as mentioned in (A) above, to cast your vote.
- C. The remote e-voting period commences on Sunday, the 23rd February, 2020 at 10.00 A.M. and ends on Tuesday, the 25th February, 2020 at 5.00 P.M. During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date being 19.02.2020 may cast their vote by electronic means in the manner and process set out hereinabove. The remote e-voting module shall be disabled for voting thereafter. Once the vote on the resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

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ORTIN LABORATORIES LIMITED

- proxy holder should carry a valid and legible document evidencing the individual as the proprietor of the sole proprietorship.
9. The quorum for the meeting of the Equity Shareholders of the Demerged Company shall be 30 (THIRTY) as per the provisions of Section 103 of the Companies Act as Ordered by the Hon'ble National Company Law Tribunal, Bench at Hyderabad vide its order dated 06.01.2020.
 10. The valid proxies will be considered if the proxy in the prescribed form, duly completed, signed and stamped or authenticated by the person entitled to attend and vote at the Meeting, is filed with the registered office of the Demerged Company at least 48 hours before the Meeting.
 11. In terms of Sections 230 to 232 of the Act, the Scheme shall be considered approved by the equity shareholders of the Demerged Company if the resolution mentioned above in the notice has been approved at the Meeting by a majority of persons representing three-fourths in value of the equity shareholders present and voting in person, by proxy or through electronic means.
 12. 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.
 13. The notice is being sent to all the Equity Shareholders, whose names appeared in the register of members of the Company as on 17.01.2020, by electronic mode whose e-mail addresses are registered with the Registrar and Transfer Agents of Company/ Depository Participant(s) for communication purpose unless any Member has requested for a hard copy of the same. For Members who have not registered their e-mail addresses, physical copy is being sent by the permitted mode. This notice of the Tribunal Convened Meeting of Equity Shareholders of the Applicant Company / Transfer Company along with all the accompanying documents is also displayed / posted on the website of the Company i.e. at www.ortinlabsindia.com.
 14. 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 P.M. to 5:00 P.M. up to 2 (two) days prior to the date of meeting.
 15. The results of the voting at the meeting will be declared within 48 hours of conclusion of the meeting and the results along with the Scrutinizer's report shall be placed on the website of the Company i.e. at www.ortinlabsindia.com.
 16. Route map to the venue of the Tribunal Convened Meeting is published in this Notice.
 17. All the Equity Shareholders, whose name appeared in the Register of Members maintained by the Company / RTA of the Company as on 19.02.2020, may cast their vote (for or against) through Poll at the Tribunal Convened Meeting on Wednesday the 26th day of February, 2020, at 11.00 a.m.

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- D. The members who have cast their vote either through E-voting facility prior to the said Tribunal Convened Meeting may also attend the meeting but shall not be entitled to cast their vote again.
- E. Kindly note that each member can opt for only one mode for voting i.e. voting by E-voting or through poll at the Tribunal Convened Meeting. If you opt for E-voting, then please do not vote by poll at the Tribunal Convened Meeting. In case Member cast their vote, by more than one mode of voting, then the first mode of voting done shall prevail and voting later by other modes shall be treated as invalid.
- F. In case of any query pertaining to remote e-voting, please visit 'Help & FAQ's section of <https://evoting.karvy.com>. (Karvy's website).
- G. The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date being 19.02.2020.
- H. The Hon'ble National Company Law Tribunal, Bench at Hyderabad was pleased to appoint Ms. N. Varalakshmi, Practicing Company Secretary, as the Scrutinizer to scrutinize the votes cast by the Members through poll and remote e-voting process in a fair and transparent manner.
- I. The Scrutinizer shall, immediately after the conclusion of the voting at the Meeting, first count the votes cast at the meeting, thereafter unlock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and make, not later than 2 days of conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman of the Company.
- J. The Results on resolution shall be declared on or after the Meeting of the Company and the resolution will be deemed to be passed on the date of the Meeting subject to receipt of the requisite number of votes in favour of the Resolution.
- K. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company (www.ortinlabsindia.com) and Service Provider's website (<https://evoting.karvy.com>) and the communication will be sent to the BSE Limited and the National Stock Exchange of India Limited.

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18. In terms of Section 108 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and as per the requirements of SEBI Listing Regulations, the Company is providing the facility to its Members holding shares in physical or dematerialized form as on the cut-off date, i.e. 19.02.2020, to exercise their right to vote by electronic means on the agenda item specified in the accompanying Notice. The Company has appointed KFin Technologies Private Limited ('Karvy' or 'Service Provider') for facilitating remote e-voting to enable the Members to cast their votes electronically pursuant to Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and as per SEBI Listing Regulations, 2015.
19. Since E-Voting facility is provided to the Members pursuant to the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Chairman appointed by the Hon'ble National Company Law Tribunal Bench at Hyderabad, shall call for voting by poll at the meeting and upon such call being made, the voting by show of hands will not be allowed at the meeting.
20. Details of the process and manner of E-voting is as follows:
 - A. In case a Member receiving an email of the Notice from Karvy [for Members whose email IDs are registered with the Company/Depository Participant(s)]:
 - (i) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - (ii) Enter the login credentials (i.e., User ID and password mentioned below), Event No. followed by Folio No. / DP ID. Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - (iii) After entering these details appropriately, click on "LOGIN".
 - (iv) You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - (v) You need to login again with the new credentials.
 - (vi) On successful login, the system will prompt you to select the "EVENT" i.e., Ortin Laboratories Limited.
 - (vii) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total

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- BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL BENCH AT HYDERABAD C.A. (CAA) NO. 230/230/HDB/2019 IN THE MATTER OF COMPANIES ACT, 2013 (18 OF 2013) IN THE MATTER OF SECTIONS 230 TO 232 READ WITH SECTION 66 AND ALL OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND IN THE MATTER OF SCHEME OF ARRANGEMENT OF ORTIN LABORATORIES LIMITED (DEMERGED COMPANY OR TRANSFEROR COMPANY) AND VINEET LABORATORIES LIMITED (RESULTING COMPANY OR TRANSFEREE COMPANY) AND THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS EXPLANATORY STATEMENT UNDER SECTION 102 READ WITH SECTIONS 230 TO 232 AND SECTION 66 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**
- ITEM NOS 1 & 2:**
1. A Scheme of Arrangement of Ortin Laboratories Limited (Demerged Company or Transferor Company) and Vineet Laboratories Limited (Resulting Company or Transferee Company) and their respective Shareholders and Creditors ("Scheme / Scheme of Arrangement"), was proposed by the Board of Directors of the Resulting Company and the Board of Directors of the Demerged Company for the purpose of Demerger of API Intermediates Division of Demerged Company with the Resulting Company on a going concern basis with effect from 01.04.2020 (First Day of April, Two Thousand and Twenty) being the appointed date.
 2. The said Scheme of Arrangement was approved by the Board of Directors of the Demerged and Resulting Company at their respective meetings held on 15.05.2019, after taking into the consideration & recommendation of their respective audit committees (where applicable) under the provisions of Sections 230 to 232 and all other applicable provisions of Companies Act, 2013. The Board of Directors of the Companies have approved the Scheme after taking into consideration the rationale of the Scheme and the certificate issued by the statutory auditors of the respective Companies 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.
- The Board of Directors of the Company took note of the modifications made to the Scheme in view of the Observation made by BSE and NSE vide their letters dated 20.06.2019 by passing a resolution in the Board Meeting held on 14.08.2019 and 17.01.2020 accordingly necessary corrections/modifications have been carried out at appropriate places in the Scheme.

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3. Accordingly a Joint Company Application vide C.A. (CAA) NO.230/230/HDB/2019, was filed before the Hon'ble National Company Law Tribunal, Bench at Hyderabad, by the Demerged Company and the Resulting Company inter-alia seeking directions for (i) To direct that a meeting of the Equity Shareholders of the Applicant / Demerged Company be convened (ii) To dispense with the requirement of convening the meeting of the Equity Shareholders of the Resulting Company (iii) To dispense with the requirement of convening the meeting of the Secured Creditors of the Demerged Company (iv) To dispense with the requirement of convening the meeting of the Unsecured Creditors of the Demerged Company (v) To direct that a meeting of the Sundry Creditors of the Applicant / Demerged Company be convened

4. The C.A.(CAA) NO.230/230/HDB/2019, was admitted by the Hon'ble National Company Law Tribunal, Bench at Hyderabad on the 19th day of November, 2019 and pursuant to the Order dated 6th day of January, 2020, passed by the Hon'ble Tribunal, in the C.A.(CAA) NO.230/230/HDB/2019, (i) the requirement of convening the meetings of the equity shareholders of Resulting Company has been dispensed with; (ii) the requirement of convening the meeting of the secured creditors of Demerged Company has been dispensed with; (iii) the requirement of convening the meeting of the unsecured creditors of Demerged Company has been dispensed with; (iv) no requirement of convening the meeting of the Secured and Unsecured Creditors of the Resulting Company as there are no secured or unsecured creditors; (v) the Meeting of the Equity Shareholders of the Demerged Company has been ordered to be held and (vi) the Meeting of the Sundry Creditors of the Demerged Company been Ordered to be held;

Accordingly, as ordered by the Hon'ble National Company Law Tribunal, Bench at Hyderabad vide Order dated 6th Day of January, 2020, in C.A.(CAA) NO.230/230/HDB/2019, a meeting of the Equity Shareholders of the Demerged Company will be held for the purpose of considering, and, if thought fit, approving with or without modification(s), the Scheme of Arrangement between Ortin Laboratories Limited (Demerged Company or Transferor Company) and Vineet Laboratories Limited (Resulting Company or Transferee Company) and their respective Shareholders and Creditors ("Scheme") on Wednesday, the 26th day of February, 2020, at 8-113/A/1, HOTEL MINERVA BANQUETS, KOTHAPET, HYDERABAD- 500035, TELANGANA at 11:00 AM.

5. Further the Hon'ble National Company Law Tribunal, Bench at Hyderabad, pursuant to the Order dated 6th Day of January, 2020, in C.A.(CAA) NO.230/230/HDB/2019, was pleased to appoint Mr. Amir Ali Bavni, Advocate, as the Chairperson and Ms. N. Varalakshmi, Practising Company Secretary, as the Scrutinizer for convening the said meeting.

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

6.1 Vineet Laboratories Limited

a. Vineet Laboratories Limited is a Company incorporated under the provisions of the Companies Act, 2013, on 10.11.2016, with CIN:

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h. The Resulting Company does not have any creditors (whether secured or unsecured) as on 30.09.2019.

7.1 Ortin Laboratories Limited

a. Ortin Laboratories Limited ("Demerged Company") was originally incorporated as a private limited company in the name and style "Ortin Laboratories Private Limited" on 27th day of October, 1986 under the provisions of the Companies Act, 1956 and subsequently converted into a Public Limited Company and the word "private" was deleted from the name of the Company on 23rd January, 1995. The Registered Office of the company is situated D. No: 3-4-512/35 (43/4RT), Opp: Barkatpura Park, Barkatpura, Hyderabad – 500027, Telangana, India. The demerged company is engaged in the business of manufacturing complete range of pharmaceutical formulations, API Intermediates, trading of chemicals, surgical and medicines. The Equity Shares of Demerged Company are listed and traded on BSE Limited ("BSE") having Security Code "539287" and National Stock Exchange of India Limited ("NSE") having Symbol "ORTINLABSS". The Corporate Identity Number of the Company is L24110TG1986PLC006885. The PAN of the Company is AAACQ2401L.

b. The Registered Office of the Demerged Company is situated at D. No: 3-4-512/35 (43/4RT), Opp: Barkatpura Park, Barkatpura, Hyderabad – 500027, Telangana, India.

c. The Demerged Company is engaged, inter alia, in the business of manufacturing complete range of pharmaceutical formulations, API Intermediates, trading of chemicals, surgical and medicines.

d. The authorized, issued, subscribed and paid-up share capital of the Demerged Company as on 31.03.2019, is as follows:

Particulars	Amount in Rupees
Authorized	
2,00,00,000 equity shares of INR 10 each	20,00,00,000
Total	20,00,00,000
Issued, subscribed and paid-up	
1,69,40,400 equity shares of INR 10 each, fully paid up	16,94,04,000

Subsequent to 31.03.2019 and till date of passing the resolution approving the Scheme of Arrangement by the Board of Directors of the Demerged Company, there is no change in the authorized, issued, subscribed or paid-up share capital of the Resulting Company.

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U24304TG2016PLC112888 issued by the Registrar of Companies, Andhra Pradesh and Telangana. The PAN of the Company is AAFCV6604P. The ISIN of the Company is INE505Y01010 (Hereinafter referred to as the "Transferee Company/ Resulting Company")

b. The Registered Office of the Resulting Company is situated at Sy.No. 11/A/3, Sateb Nagar, Kurdi Vili, Chintal Kunta, Eshwaramma Nilayam, L B Nagar Hyderabad- 500074 Telangana, India.

c. The Resulting Company's objects enable it to carry on the business of manufacturing of bulk drugs intermediates and API Intermediates.

d. The authorized, issued, subscribed and paid-up share capital of the Resulting Company as on 31.03.2019, is as follows:

Particulars	Amount in Rupees
Authorized	
4,10,000 equity shares of INR 10 each	41,00,000
Issued, subscribed and paid-up	
4,10,000 equity shares of INR 10 each, fully paid up	41,00,000

Subsequent to 31.03.2019 and till date of passing the resolution approving the Scheme of Arrangement by the Board of Directors of the Resulting Company, there is no change in the authorized, issued, subscribed or paid-up share capital of the Resulting Company.

e. The Register of members of the Resulting Company showing the latest list of the equity shareholders of the Resulting Company is as follows:

Sl. No.	Name of shareholder	Total No. of shares held	% of holding
1.	Satyanarayanaraju Bhupathiraju	30000	7.31
2.	A. Srinivas Raju	34650	8.44
3.	A Ranga Raju	34650	8.44
4.	A Prabhakar Raju	36400	8.88
5.	A Malthali	36400	8.88
6.	Venkata Ramana Gaddam	51600	12.59
7.	Venkata Rama Gaddam	51400	12.54
8.	V. Varaprasada Rao	51400	12.54
9.	K. Muri Mohan	50000	12.20
10.	P. Kishore Raju	16750	4.09
11.	P. Venkata Krishnam Raju	16750	4.09
	Total	4,10,000	100.00%

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e. The Demerged Company's equity shares are listed and traded on the BSE Limited ("BSE") and National Stock Exchange of India ("NSE") bearing ISIN: INE749B01012 & Scrip Code: 539287 and on the National Stock Exchange of India Limited ("NSE") bearing Symbol: ORTINLABSS.

f. Names of the Promoters and directors of the Demerged Company along with their addresses:

Sl. No.	Name	Designation	Present Address
1.	S Murati Krishna Murthy	Promoter & Managing Director	1-8-182/B Chikkadpally Musheerabad Hyderabad 500020, Telangana
2.	S. Balaji Venkateswarulu	Whole time Director	1-8-182/B Chikkadpally Musheerabad Hyderabad 500020, Telangana
3.	S Sarath Kumar	Promoter	1-8-182/B Chikkadpally Musheerabad Hyderabad 500020, Telangana
4.	S Venkata Sujatha	Promoter	1-8-182/B Chikkadpally Musheerabad Hyderabad 500020, Telangana
5.	Lakshmi Shrivani Desari	Promoter	1-8-182/B Chikkadpally Musheerabad Hyderabad 500020, Telangana
6.	S Srinivas Kumar	Promoter/ whole time Director	3-5-1083/Flat no.406,Sri Tarajpet Residency, Jaiswal street, Keshav Memorial College, Narayanaguda,Himaynagar Hyderabad 500029, Telangana
7.	S Hema Kumari	Promoter	1-8-182/B Chikkadpally Musheerabad Hyderabad 500020, Telangana
8.	S Tandav Krishna	Promoter	1-8-182/B Chikkadpally Musheerabad Hyderabad 500020, Telangana
9.	S Ravi Sankar	Promoter	3-5-1083/Flat no.406,Sri Tarajpet Residency, Jaiswal street, Keshav Memorial College, Narayanaguda,Himaynagar Hyderabad 500029, Telangana
10.	S Rajeshwari	Promoter	3-5-1083/Flat no.406,Sri Tarajpet Residency, Jaiswal street, Keshav Memorial College, Narayanaguda,Himaynagar Hyderabad 500029, Telangana
11.	S Krishna Karthik	Promoter	1-8-182/B Chikkadpally Musheerabad Hyderabad 500020, Telangana
12.	S Satya Praveen Kumar	Promoter	1-8-182/B Chikkadpally Musheerabad Hyderabad 500020, Telangana
13.	S Nagayathi	Promoter	3-5-1083/Flat no.406,Sri Tarajpet Residency, Jaiswal street, Keshav Memorial College, Narayanaguda,Himaynagar Hyderabad 500029, Telangana
14.	S Venkataratnamma	Promoter	1-8-182/B Chikkadpally Musheerabad Hyderabad 500020, Telangana
15.	S. Venkata Subbamma	Promoter	1-8-182/B Chikkadpally Musheerabad Hyderabad 500020, Telangana

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f. Names of the Promoters and directors of the Resulting Company along with their addresses:

Sl. No.	Name	Designation	Present Address
1.	Satyanarayanaraju Bhupathiraju	Promoter/ Director	# 6-111/Shankar nagar, Peejzaguda, Ghatkesar Medipali 500098, Telangana
2.	A. Srinivas Raju	Promoter	H/o. 6- 111 / 3, S - 201, Shankar Nagar, Peerzadiguda , Ghatkesar Mandal, Medipally Post , Hyderabad - 500098
3.	A Ranga Raju	Promoter	H/o. 7- 63 / 2, Shankar Nagar , Peerzadiguda , Ghatkesar Mandal, Medipally Post , Hyderabad - 500098
4.	A Prabhakar Raju	Promoter	H/o. 2-18-19/201, Prashanthi Nagar Near SBI, Survey Of India, Uppal, Hyderabad - 500039
5.	A Malthali	Promoter	H.No. 12-13-484 / 10 / 1, Flat No. 103, Sai Sai Towers , Street No. 14, Lane No. 6, Nagarjuna Nagar, Tanaka, Hyderabad- 500017
6.	Venkata Ramana Gaddam	Promoter/ Director	#4/26 Bahar Sahara Estates, LB Nagar Hayathnagar, Mansoorabad, KV Rangareddy Hyderabad 500068, Telangana
7.	Venkata Rama Gaddam	Promoter	#4/26 Bahar Sahara Estates, LB Nagar Hayathnagar, Mansoorabad, KV Rangareddy Hyderabad 500068, Telangana
8.	V. Varaprasada Rao	Promoter	3-1-445, Dhanpur, Opp: Laxminarayana Bhawan, LB Nagar, Ranga Reddy, Telangana-500074
9.	K. Muri Mohan	Promoter/ Director	3-11-403/2, Flat No.102, Sree Sai Sadan, Sivaganga Colony LB Nagar Hyderabad-500074, Telangana
10.	P. Kishore Raju	Promoter	H. No. 7-28/1, Plot No.203, Gurudatta Residency, Shankar Nagar, Peerzadiguda, Ghatkesar-500098, Telangana
11.	P. Venkata Krishnam Raju	Promoter	H.No.7-28/1, Plot No.202, Gurudatta Residency, Shankar Nagar, Peerzadiguda, Ghatkesar-500098, Telangana

g. Names of Directors of the Resulting Company who voted in favor of / against the Resolution approving the Scheme of Arrangement at the meeting of the Board of Directors of the Company held on 15.05.2019:

Sl. No.	Name of the Directors	In Favor	Against	Abstain
1.	Venkata Ramana Gaddam	Yes	NA	NA
2.	Satyanarayanaraju Bhupathiraju	Yes	NA	NA
3.	K. Muri Mohan	Yes	NA	NA

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16.	S Mohan Krishna Murthy	Promoter/ Whole time Director	1-8-182/B Chikkadpally Musheerabad Hyderabad 500020, Telangana
17.	Satyanarayanaraju Bhupathiraju	Promoter/ Wholetime Director	6-111/Shankar nagar, Peejzaguda, Ghatkesar Medipali 500098, Telangana
18.	A. Srinivas Raju	Promoter	H/o. 6- 111 / 3, S - 201, Shankar Nagar , Peerzadiguda , Ghatkesar Mandal , Medipally Post , Hyderabad - 500098
19.	A Ranga Raju	Promoter	H/o. 7- 63 / 2, Shankar Nagar , Peerzadiguda , Ghatkesar Mandal , Medipally Post , Hyderabad - 500098
20.	A Prabhakar Raju	Promoter	H/o. 2-18-19/201, Prashanthi Nagar Near SBI, Survey Of India, Uppal, Hyderabad - 500039
21.	A.Malthali	Promoter	H/o. AVGV Krishnam Raju, H.No. 12-13-484 / 10 / 1, Flat No. 103, Sai Sai Towers , Street No. 14, Lane No. 6, Nagarjuna Nagar, Tanaka, Hyderabad - 500017
22.	Venkata Ramana Gaddam	Promoter/ Joint Managing Director	#4/26 Bahar Sahara Estates, LB Nagar Hayathnagar, Mansoorabad, KV Rangareddy Hyderabad 500068, Telangana
23.	A.Anantalakshmi	Promoter	H/o. 6- 111 / 3, S - 201, Shankar Nagar , Peerzadiguda , Ghatkesar Mandal , Medipally Post , Hyderabad - 500098
24.	Venkata Rama Gaddam	Promoter	#4/26 Bahar Sahara Estates, LB Nagar Hayathnagar, Mansoorabad, KV Rangareddy Hyderabad 500068, Telangana
25.	Gaddam Srinivasa Rao	Promoter	H.No. 5- 3-305/06, Prashanthi Nagar , Vanasthalipuram , KV.Ranga Reddy , A.P. 500070
26.	Gaddam Balaji	Promoter	PRMM School, H.No. 6-43/3/ 3/3, Street No. 1, Balaji Hills, Bodapati, Ghatkesar , Uppal, Ranga Reddy , A.P. 500039
27.	Jalluri Radhakrishna Panduranga Rao	Director	1-9-208, New Diluahnagar Colony, Kothapet Hyderabad 500060, Telangana
28.	Kavoori Pradyumna Teja	Director	2-1-284, F 502, Block 1, Kshatrya Towers, Nallakunta Vegetables Market Road, Nallakunta Hyderabad 500044, Telangana
29.	Seshagiri Trukkovarulu	Director	2-1-283/2/16, Nallakunta, Nallakunta Hyderabad 500044, Telangana
30.	Gopal Reddy Bheemreddy	Director	16-11-404/7 Sai Nagar Colony, Near GHMC Park, Mossarambagh Hyderabad 500036, Telangana
31.	Thotakura Uma Sangeetha	Director	63/32 Shankar Nagar Ghatkesar Mandal Peerzadiguda Medipali Rangareddy Hyderabad 500098, Telangana

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- g. Names of Directors of the Demerged Company who voted in favor of / against the Resolution approving the Scheme of Arrangement at the meeting of the Board of Directors of the Company held on 15.05.2019:

Sl. No.	Name of the Directors	In Favor	Against	Abstain
1.	Gaddam Venkata Ramana	Yes	NA	NA
2.	Jalluri Radhakrishna Panduranga Rao	Yes	NA	NA
3.	Murali Krishna Murthy Sanka	Yes	NA	NA
4.	Mohan Krishna Murthy Sanka	Yes	NA	NA
5.	Balaji Venkateswarlu Sanka	Yes	NA	NA
6.	Srinivasakumar Sanka	Yes	NA	NA
7.	Satyanarayana Raju Bhupathiraju	Yes	NA	NA
8.	Kavoor Pradyumna Teja	Yes	NA	NA
9.	Seshagiri Tirukkovalluru	Yes	NA	NA
10.	Gopal Reddy Bheemreddy	Yes	NA	NA
11.	Thotakura Uma Sangeetha	Yes	NA	NA

- h. The Demerged Company has 4 (Four) secured creditors amounting to Rs. 18,24,35,475/- (Rupees Eighteen Crores Twenty four Lakhs thirty five thousand four hundred and Seventy Five only) as on 30.06.2019. Secured creditor constituting more than 90% of the total amount due has given its consent to the Scheme stating that it is aware of the Scheme of Arrangement and that it does not have any objection to the proposed Scheme of Arrangement.
- i. The Demerged Company has 36 (Thirty-six) unsecured lenders amounting to Rs. 2,96,47,890/- (Rupees Two Crores Ninety Six Lakhs Forty Seven Thousand Eight Hundred and Ninety only) as on 30.06.2019. Unsecured lenders constituting more than 90% in value and number have given their consent to the Scheme stating that they are aware of the Scheme of Arrangement and that they do not have any objection to the proposed Scheme of Arrangement.
- j. The Demerged Company has 314 (Three Hundred and Fourteen) sundry creditors amounting to Rs. 50,33,11,165/- (Rupees Fifty Crores Thirty three Lakhs Eleven Thousand One Hundred and Sixty five only) as on 30.06.2019.
- k. The Hon'ble Tribunal vide its order dated 6th day of January, 2020, was pleased to dispense with the requirement of convening the meetings of the Secured Creditors and Unsecured Lenders of the Demerged Company. The Hon'ble Tribunal vide its order dated 6th day of January, 2020, was further pleased to direct that a meeting of the sundry creditors of the Demerged Company be convened besides convening the Tribunal convened meeting of the equity shareholders of the Demerged Company for obtaining their approval to the Scheme of Arrangement.

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recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earned monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges concerning the API Intermediates Division and approvals of whatsoever nature (including but not limited to benefits of all tax holiday, tax relief including under the Income Tax Act, 1961) such as credit for advance tax, taxes deducted at source, brought forward accumulated tax losses, unabsorbed depreciation, etc.) and wheresoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the API Intermediates Division as on the Appointed Date; (include all the drug licenses, pharmacy agreements, franchise, sector specific approvals if any).

- (b) all the debts, borrowings, obligations and liabilities, whether present, or future, whether secured or unsecured, of the Demerged Company in relation to the API Intermediates Division as on the Appointed Date comprising of:
- (i) all the debts, duties, obligations and liabilities including contingent liabilities which arise out of the activities or operations of the Demerged company in relation to the API Intermediates Division and all other debts, liabilities, duties, and obligations of the Demerged Company relating to the Demerged Undertaking which may accrue or arise after the Appointed Date but which related to the period up to the day of immediately preceding the Appointed Date;
- (ii) the specific loans and borrowings raised, incurred and utilised solely for the activities and operations of Demerged Company in relation to the API Intermediates Division; and
- (iii) liabilities other than those referred to in sub-clauses (i) and (ii) above and not directly relatable to the API Intermediates Division, being the amounts of any general or multipurpose borrowings of Demerged Company as stand in the same proportion which the value of assets transferred under this Clause of API Intermediates Division bears to the total value of the assets of the Demerged Company immediately before the Appointed Date;
- (c) all intellectual property rights, including trademarks, trade names and the goodwill associated therewith, patents, patent rights, copyrights and other industrial designs and intellectual properties and rights of any nature whatsoever including know-how, or any applications for the above, assignments and grants in respect thereof of the Demerged Company in relation to the API Intermediates Division as on the Appointed Date;
- (d) all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, date catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the API Intermediates Division of the Demerged Company as on the Appointed Date;

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8. RATIONALE, OBJECTIVE & PURPOSE OF THE SCHEME OF ARRANGEMENT

- (i) This Scheme is presented under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 for transfer by way of Demerger of the API Intermediates Division of the Demerged Company (defined as demerged undertaking) of the Demerged Company as a going concern to the Resulting Company, and consequential restructure of its share capital.
- (ii) The Demerged Company has presently 2 (two) Divisions namely Formulations Division and API Intermediates Division. The formulations division is being operated through the Unit I located at Plot No.275 & 278, I.D.A Pashamylaram, Medak Dist. Telangana and the API Intermediates division is being operated through the Unit II located at Sy. No. 300, Malkapur Village, Choutuppal Mandal, Nalgonda District, Telangana. With an objective of achieving operational efficiencies and streamlining its current structure, the Demerged Company proposes to Demerge the API Intermediates Division currently operating through the Unit II to the Resulting Company and the Demerged Company shall continue to carry on the Formulations Division Business.
- (iii) In order to achieve efficiency of operations and management and with the intent of realigning the business operations undertaken by the Demerged Company, the management of Demerged Company has decided to concentrate on, and strengthen its core competencies and have greater focus and create more value for the Formulations Division (as defined hereinafter), in the interest of maximizing the overall shareholder value by demerging the API Intermediates Division to the Resulting Company. The objectives that are intended to be achieved by undertaking the Demerger of the API Intermediates Division and the consequential advantages that would ensure are, inter alia, as follows:
- a) The nature of risk and return involved in the business of API Intermediates Division is distinct from the Formulations Division. Hence, transfer of API Intermediates Division would enable both the divisions to run and operate independently and in a more cohesive manner so as to run more profitably and attract potential collaborators for the future growth and development of business by both the Resulting Company as well as the Demerged Company.
- b) The transfer and vesting of the demerged undertaking of the Demerged Company to the Resulting Company through this Scheme is with a view to unlock the economic value of both the Companies.
- c) The said transfer of Undertaking would provide greater flexibility and visibility on the operational and financial performance of both the divisions and would provide higher degree of independence as well as accountability.
- (iv) The Board of Directors of the Demerged Company is of the opinion that the Scheme of Arrangement would benefit the shareholders, creditors, employees and other stakeholders of both the Companies.
- (v) This Scheme also provides for various other matters consequential or related thereto and otherwise integrally connected therewith.

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- (e) all employees of the Demerged Company engaged in the API Intermediates Division; and
- (f) any question that may arise as to whether a specific asset (tangible or intangible) or any liability pertains or does not pertain to the API Intermediates Division or whether it arises out of the activities or operations of the API Intermediates Division or not, shall be decided by the Board of the Demerged Company or any Committee thereof in consultation with the Board of Directors of the Resulting Company.

"Record Date" means the date to be fixed by the Board of Directors of the Demerged Company in consultation with the Resulting Company for the purpose of reckoning names of the equity shareholders of the Demerged Company, who shall be entitled to receive Equity Shares of the Resulting Company pursuant to this Scheme.

"Remaining Undertaking" means all the undertakings, businesses, activities and operations of the Demerged Company other than those comprised in the Demerged Undertaking and remaining with the Demerged Company after giving effect to this Scheme.

"Resulting Company" means Vineet Laboratories Limited, a company incorporated under the provisions of the Companies Act, 2013 under CIN: U24304TG2016PLC112888 and having registered office at Sy.No. 11/A3, Saheb Nagar, Kurdu Vill, Chintal Kunta, Eshwaramma Nilayam, L B Nagar, Hyderabad Telangana – 500074.

"Scheme", "the Scheme", "this Scheme", "Scheme of Arrangement" means this Scheme of Arrangement in its present form or as may be modified by an agreement between the Parties submitted to the Hon'ble NCLT or any other Appropriate Authority in the relevant jurisdictions with any modification thereof as the Hon'ble NCLT or any other Appropriate Authority may direct.

"Share Entitlement Ratio" means, the number of equity shares of Vineet Laboratories Limited (Resulting Company) to which a shareholder of Ortin Laboratories Limited (Demerged Company) would be entitled in proportion of his existing shares in Ortin Laboratories Limited (Demerged Company).

"Stock Exchanges" means collectively, the BSE and the NSE.

9.1.2 CLAUSE 2 OF THE SCHEME - RECLASSIFICATION OF PROMOTERS AS PER REGULATION 31A OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015:

In the pre-demerged scenario, the promoters of M/s Ortin Laboratories Limited consist of two groups. In the post demerger, One group (group-I) will continue as promoters of OLL (demerged company) and the other group (group – II) will become the promoters of Vineet Laboratories Limited (VLL- resulting company) while continuing as shareholders in the public category of OLL. The scheme is designed in such a way that there will not be any common promoters in both the companies. Both the groups independently will handle the management of both the companies as separate set of promoters.

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9. SALIENT FEATURES OF THE SCHEME

- 9.1 The Scheme of Arrangement is presented under Sections 230 to 232 read with Section 66 and all other applicable provisions of the Companies Act, 2013, and provides for the demerger of Unit II of Ortin Laboratories Limited (Demerged Company or Transferor Company) into Vineet Laboratories Limited (Resulting Company or Transferee Company). The Scheme also provides for various other matters consequential to, or otherwise integrally connected with the above, as more specifically stated hereinafter.

9.1.1 CLAUSE 1 OF THE SCHEME - DEFINITIONS

"Appointed Date" means opening business hours of 1st April, 2020* or if the Board of Directors of the demerged company and the resulting company require any other date or the National Company Law Tribunal or other competent authority modifies the appointed date to such other date, then the same shall be the appointed date. The Appointed Date shall be the effective date and the Scheme shall be deemed to be effective from the Appointed Date.

*amended the Appointed Date from 01.04.2017 to 01.04.2020 by the Boards of both demerged and resulting companies vide their respective meetings held on 17.01.2020 pursuant to Ministry of Corporate Affairs General Circular No 9/2019.

"Demerged Company" means Ortin Laboratories Limited, a company incorporated under the provisions of the Companies Act, 1956 under CIN: L24110TG1986PLC006885 and having registered office at D. No: 3-4-51/35 (43/4RT), Opp: Barkatpura Park, Barkatpura, Hyderabad – 500027, Telangana, India, Telangana.

"Demerged Undertaking" means and include:

- (i) all the business, undertaking, properties, investments and liabilities of whatsoever nature and kind and wheresoever situated, of the Demerged Company, in relation to and pertaining to the API Intermediates Division on going concern basis as are related to the Unit II located at Sy. No. 300, Malkapur Village, Choutuppal Mandal, Nalgonda District Telangana, together with all its assets and liabilities and shall mean and include (without limitation):
- (a) all the movable and immovable properties including plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory, freehold/leasehold assets and other contingent assets (whether tangible or intangible) of whatsoever nature in relation to the API Intermediates Division, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, settlements, rights, credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, goodwill, other intangibles, industrial and other licenses (as mentioned in the Annexure 1 of the Scheme appended to this notice in detail), permits, authorisations, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds and benefits of all agreements, arrangements, deposits, advances,

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- a) Group I headed by Mr. S. Murali Krishna Murthy and his family members will continue to remain the promoters of Ortin Laboratories Limited after demerger (demerged company).
- b) Group II headed by Mr. G. Venkata Ramana and his family members and associates will exit as promoters from M/s Ortin Laboratories Limited and become the promoters of M/s Vineet Laboratories Limited (resulting company).
- c) Thus, in the Post demerger, Group I (the promoters of demerged company) will continue as public shareholders in the Resulting company and the Group II (the promoters of Resulting company) will continue as public shareholders in the demerged company.

The shareholding pattern of M/s Ortin Laboratories Limited before de-merger as is as under:

Category	No. of shares	%
Promoters	59,01,366	34.84
Public	1,10,39,034	65.16
Total	1,69,40,400	100.00

The breakup of the promoters is given below covering both pre and post demerger:

Sl. No	Name of the promoter	Pre scheme Shares	%	Post scheme shares	%
GROUP I					
1	S Murali Krishna Murthy	143475	0.85	68868	0.85
2	S. Balaji Venkateswarulu	157827	0.93	75756	0.93
3	S Sarath Kumar	120200	0.71	57696	0.71
4	S Venkata Sujatha	122800	0.72	58944	0.72
5	Lakshmi Shrivani Dasari	87500	0.52	42000	0.52
6	S Srinivas Kumar	246723	1.46	118427	1.46
7	S Hema Kumari	110200	0.65	52896	0.65
8	S Tandav Krishna	90650	0.54	43512	0.54
9	S Ravi Sankar	85000	0.50	40800	0.50
10	S Rajeshwari	39110	0.23	18772	0.23
11	S Krishna Karthik	60000	0.35	28800	0.35
12	S Satya Praveen Kumar	79316	0.47	38071	0.47
13	S Nagajyothi	90290	0.53	43339	0.53
14	S Venkataratnamma	192389	1.14	92346	1.14
15	S. Venkata Subbamma	101250	0.6	48600	0.60
16	S Mohan Krishna Murthy	35816	0.21	17191	0.21
	Total (I)	1762546	10.41	846018	10.41

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GROUP II					
1	Satyanaarayanaraju Bhupathiraju	496130	2.93	238142	2.93
2	A. Srinivas Raju	392634	2.32	188464	2.32
3	A Ranga Raju	302775	1.79	145332	1.79
4	A Prabhakar Raju	616933	3.64	296127	3.64
5	A Maithali	323310	1.91	155188	1.91
6	Venkata Ramana Gaddam	818409	4.83	392836	4.83
7	A Anantalakshmi	319022	1.88	153130	1.88
8	Venkata Rama Gaddam	767247	4.53	368278	4.53
9	Gaddam Srinivasa Rao	69680	0.41	33446	0.41
10	Gaddam Balaji	32680	0.19	15686	0.19
	Total (II)	4138820	24.43	1986629	24.43
	Grand Total (I+II)	5901366	34.84	2832647	34.84

Post-demergers shareholding pattern of OLL (demerged company i.e., Group I) will be as under:

The post demerger shareholding pattern of OLL (demerged company) is given below:

Category	No. of shares	% of demerged paid up capital
Promoters	8,46,018	10.41
Public	72,85,374	89.59
Total	81,31,392	100.00

Pre- Demerger shareholding pattern of Vineet Laboratories Limited (Resulting Company)

The pre demerger shareholding pattern of M/s Vineet Laboratories Limited is given below:

Category	No. of shares	% pre-demerger paid up capital
Promoters	4,10,000	100
Public	0	0
Total	4,10,000	100

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transferred to Resulting Company, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of Resulting 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 arrangement by virtue of which such debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

- iii. With effect from the Appointed Date and upon sanction of the Scheme by the Tribunal, any statutory licenses, permissions or approvals or consents held by Demerged Company required to carry on operations of the Demerged Undertaking shall stand vested in or transferred to Resulting Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of Resulting Company and the benefit of all statutory and Regulated permissions, environmental approvals and consents, registration or other licenses, etc., shall vest in and become available to Resulting Company as if they were originally obtained by Resulting Company. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person or availed of by Demerged Company relating to the Demerged Undertaking, are concerned, the same shall vest with and be available to Resulting Company on the same terms and conditions as applicable to Demerged Company, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to Resulting Company.
- iv. The entitlement to various benefits under Incentive Schemes and Policies in relation to the Demerged Undertaking of the Demerged Company shall stand transferred to and be vested in and/or be deemed to have been transferred to and vested in the Resulting Company together with all benefits, entitlements or incentives of any nature whatsoever. Such entitlements shall include (but shall not be limited to) income-tax, goods and service tax sales tax, value added tax, turnover tax, excise duty, service tax, customs and others and incentives in relation to the Demerged Undertaking to be claimed by the Resulting Company with effect from the appointed date as if the Resulting Company was originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the Resulting Company of all the terms and conditions subject to which the benefits under such incentive Schemes were made available to the Demerged Company.
- v. Since each of the permissions, approval, consents, sanctions, remissions (including remission under income-tax, goods and service tax sales tax, value added tax, turnover tax, excise duty, service tax, customs), special reservations, sales tax remissions, holidays, incentives, concessions and other authorisations relating to the Demerged Undertaking, shall stand transferred under the Scheme to the Resulting Company, the Resulting Company shall file the relevant intimations if any, for the record of the statutory authorities who shall take them on file, pursuant to this Scheme coming into effect.
- vi. It is clarified that all the taxes and duties pertaining to the Demerged Undertaking payable by the Demerged Company, from the appointed date onwards including

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The breakup of the promoter's shareholding covering both the pre and post demerger is given below:

Sl. No	Name of the promoter	Existing Promoter in OLL in Group II	Existing Promoter in VLL	Pre Scheme Shares in VLL	%	Post scheme shares (including pre scheme shares)	%
1	Satyanaarayanaraju Bhupathiraju	Yes	Yes	30000	7.31	267967	3.12
2	A. Srinivas Raju	Yes	Yes	34850	8.44	238819	2.89
3	A Ranga Raju	Yes	Yes	34650	8.44	192093	2.38
4	A Prabhakar Raju	Yes	Yes	36400	8.88	357205	3.87
5	A Maithali	Yes	Yes	36400	8.88	204521	2.22
6	Venkata Ramana Gaddam	Yes	Yes	51600	12.59	477172	5.18
7	A Anantalakshmi	Yes	No	-	-	165891	1.80
8	Venkata Rama Gaddam	Yes	Yes	51400	12.54	450368	4.89
9	Gaddam Srinivasa Rao	Yes	No	-	-	36233	0.39
10	Gaddam Balaji	Yes	No	-	-	16993	0.18
11	V. Varaprasada Rao	No	Yes	51400	12.54	162083	1.76
12	K. Muri Mohan	No	Yes	50000	12.20	50000	0.54
13	P. Kishore Raju	No	Yes	16750	4.09	16750	0.18
14	P. Venkata Krishnam Raju	No	Yes	16750	4.09	16750	0.18
	Total			410000	100	2672865	28.99

*The post scheme shares of Mr. Venkata Ramana Gaddam and Mrs. Venkata Rama Gaddam were inadvertently mentioned as 468804 (5.09%) and 476972 (5.17) respectively in the approved scheme on 15.05.2019. The same was rectified by the Board of both the demerged and resulting Companies in their respective meetings held on 17.01.2020.

As shown in the above table, the existing promoters of Vineet Laboratories Limited (resulting company) who are also existing promoters in Group II of Ortin Laboratories Limited (demerged company) will be the promoters of Vineet Laboratories Limited. In post demerger, the promoters in Group I of Ortin Laboratories Limited will be a part of public shareholders in Vineet Laboratories Limited (Resulting Company). Post demerger shareholding pattern of Vineet Laboratories Limited will be as under:

Post-scheme shareholding pattern of VLL (resulting company):

Category	No. of shares	% paid up capital after demerger
Promoters*	26,72,865	28.99
Public*	65,46,143	71.01
Total	92,19,008	100.00

*The promoters and public shares were inadvertently mentioned as 2691101 (29.19) and 6527907 (70.81) respectively in the approved scheme on 15.05.2019. The same was rectified by the Board of both the demerged and resulting Companies in their respective meetings held on 17.01.2020.

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all or as any refund and claims shall, for all purposes, be treated as the tax and are duties, liabilities or refunds and claims of Resulting Company. Accordingly, upon the Scheme becoming effective, the Resulting Company is expressly to file its respective income-tax, income-tax, goods and service tax sales tax, value added tax, turnover tax, excise duty, service tax, customs and any other return to claim refunds/ credits, pursuant to the provisions of this Scheme.

- vii. The transfer and vesting of the Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relating to the Demerged Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Demerged Undertaking.
- a) In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the Demerged Undertaking are securities for liabilities of the Remaining Undertaking, the same shall, upon the Scheme becoming Effective, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the securities, charges, hypothecation and mortgages shall only extend to and continue to operate against the assets retained by Demerged Company and shall cease to operate against any of the assets transferred to Resulting Company in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause shall operate notwithstanding anything contained in any instrument, deed, agreement or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.
- b) Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of Resulting Company and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages and shall not extend or be deemed to extend, to any of the assets of the Demerged Undertaking vested in Resulting Company, provided always that this Scheme shall not operate to enlarge the security of any loan, deposit or facility created by Demerged Company in relation to the Demerged Undertaking which shall vest in Resulting Company by virtue of the vesting of the Demerged Undertaking with Resulting Company and there shall not be any obligation to create any further or additional security therefore after the Scheme has become effective.
- c) Provided further that all the loans, advances and other facilities sanctioned to Demerged Company in relation to the Demerged Undertaking by its bankers and financial institutions prior to the Appointed Date, which are partly drawn or utilised shall be deemed to be the loans and advances sanctioned to Resulting Company and the said loans and advances may be drawn and utilised either partly or fully by Demerged Company from the Appointed Date till the Scheme is sanctioned by the Tribunal and all the loans, advances and other facilities so drawn by Demerged Company in relation to the Demerged Undertaking (within the overall

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9.1.3CLAUSE 4 OF THE SCHEME - TRANSFER AND VESTING

With effect from the Appointed Date, the Demerged Undertaking of the Demerged Company shall, stand transferred to and vested in or deemed to be transferred to and vested in Resulting Company, as a going concern and in the following manner:

- i. With effect from the Appointed Date and upon sanction of the Scheme by the Tribunal, the whole of Demerged Undertaking and its properties, shall pursuant to the provisions contained in Sections 230 to 232 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and/or be deemed to be transferred to and vested in Resulting Company so as to vest in Resulting Company all rights, title and interest pertaining to the Demerged Undertaking as follows:
 - a) All the movable assets pertaining to the Demerged Undertaking, which are capable of being physically transferred including cash on hand, shall be physically handed over by manual delivery or endorsement and delivery, to the end and intent that the ownership and property therein passes to Resulting Company on such handing over in pursuance of the provisions of Sections 230-232 of the Act. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of Demerged Company and Resulting Company within 30 days from the approval of the Scheme by the Tribunal.
 - b) In respect of other assets other than those referred to sub-clause (a) above, pertaining to Demerged Undertaking including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, Demerged Company shall, issue notices in such form as Resulting Company may specify stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, Resulting Company as the person entitled thereto, to the end and intent that the right of Demerged Company to receive, recover or realize the same, stands transferred to Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes;
 - c) In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in sub-clauses (a) and (b), the same shall be transferred and vested in and/or be deemed to be transferred to and vested in Resulting Company on the Appointed Date pursuant to the provisions of Sections 230-232 of the Act.
- ii. With effect from the Appointed Date and upon sanction of the Scheme by the Tribunal, all debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description of Demerged Company pertaining to the Demerged Undertaking under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be

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limits sanctioned by their bankers and financial institutions) shall upon sanction of the Scheme by the Tribunal be treated as loans, advances and other facilities made available to Resulting Company and all the obligations of Resulting Company in relation to the Demerged Undertaking under the loan agreement shall stand released and discharged and shall become the obligation of Resulting Company without any further act or deed on the part of Resulting Company.

- viii. Without prejudice to the above and upon sanction of the Scheme by the Tribunal, the Demerged Company and the Resulting Company shall execute any instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies and other Authorities under the Act to give formal effect to the above provisions, if required.
- ix. It is expressly provided that, save as mentioned in this scheme, no other term and condition of the liability transferred to the Resulting company is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- x. Subject to necessary consents being obtained in accordance with the terms of this Scheme the provisions of above sub-clauses shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document.
- xi. It is clarified that if any assets, (estate, claims, rights, title, interest in or authorities relating to such assets) or contract, deeds, bonds, agreements, schemes, arrangements of other instruments of whatsoever in relation to any of the Demerged Undertaking which Demerged Company owns or to which Demerged Company is a party and which cannot be transferred to Resulting Company or to its successor in business, for any reason whatsoever, Demerged Company shall hold such assets or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Resulting Company to which the Demerged Undertaking is being transferred in terms of this scheme, in so far as it is permissible so to do, till such time as the transfer is effected.
- xii. With effect from the appointed date, the general reserve of the demerged Company pertaining to the demerged undertaking shall become the General Reserves of the Resulting Company.

9.1.4CLAUSE 5 OF THE SCHEME - REDUCTION IN SHARE CAPITAL OF THE DEMERGED COMPANY TO GIVE EFFECT TO DEMERGER

- i. As a result of Demerger and resultant transfer of the API Intermediates Division to the resulting Company, the issued, subscribed and paid up share capital of the Demerged Company will no longer be represented by the assets of the Demerged Company consequent to the Demerger of the API Intermediates Division. Accordingly, as an integral part of the scheme, and, upon the coming into effect of the scheme, the issued, subscribed and paid up equity share capital of the Demerged Company shall be reduced by reducing the face value of the equity

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shares from 1(one) equity share of Rs.10/-each fully paid up to 1 (One) equity share of Rs.4.80/-each fully paid. As a result, the issued, subscribed and paid up share capital of the Demerged Company shall stand reduced from Rs.16,94,04,000/- to Rs.8,13,13,920/- comprising of 1,69,40,400 equity shares of Rs.4.80/- each without any further act or deed.

- ii. Simultaneously, 100 (hundred) equity shares each of Rs.4.80/- shall be consolidated into 48(Forty eight) fully paid up equity share of Rs.10/- each. Due to the reduction in capital of the Demerged Company and the aforesaid consolidation, if a shareholder becomes entitled to a fraction of an equity share of the Demerged Company, the Demerged Company shall not issue fractional share certificates to such member/ beneficial owner but shall consolidate such fractions and issue consolidated equity shares to a Committee of the Board to be constituted by the Demerged Company in that behalf, who shall sell such shares and distribute the net sale proceeds(after deduction of expenses incurred) to the shareholders/ beneficial owners respectively entitled to the same in proportion to their fractional entitlement.
- iii. The reduction in the Share Capital of the Demerged Company shall be effected as an integral part of the scheme in accordance with the provisions of Section 66 and any other applicable provisions of the Act and the Order of NCLT sanctioning the scheme shall be deemed to be also the Order under Section 66 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of the unpaid share capital or payment of paid up share capital, and the provisions of Section 66 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of the Demerged Company, the Demerged Company shall not be required to add "And reduced" as suffix to its name.
- iv. It is hereby clarified that for the above purpose the consent of the shareholders to the scheme shall be deemed to be sufficient for the purpose of affecting the above amendment and no further resolution under the act, would be required to be separately passed.

Alteration of Authorised Capital of Demerged Company and resulting Company

- i. As a consequence of the reduction of capital of the Demerged Company, the Authorized share capital of the Demerged Company shall be reorganized and shall comprise of 96,00,000 equity shares of Rs.10/- each aggregating to Rs.9,60,00,000/- and the subscribed, issued and paid up capital shall comprise of 81,31,392 new equity shares of Rs.10/- each aggregating to Rs. 8,13,13,920/-.
- ii. The following clauses in the Memorandum and Articles of the Association of the Demerged Company shall stand amended to read as under:
 - a) Clause V in the Memorandum of Association: "The Authorized Share Capital of the Company is Rs.9,60,00,000/- divided into 96,00,000 equity shares of Rs. 10/- each, subject to the provisions of the Companies Act, 2013 with the rights, privileges and conditions attached there to, as are provided by the Articles of

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this Scheme and registration of new members in Resulting Company on account of difficulties faced in the transaction period.

- vii. For the purpose as aforesaid the Resulting Company shall, and to the extent required, increase its Authorised Capital after this Scheme has been sanctioned by the NCLT but before the issue and allotment of shares. It shall also, if and to the extent required, apply for and obtain the requisite approvals including that of SEBI, Reserve Bank of India and other appropriate authorities concerned for issue and allotment by the Resulting Company to the members of the Demerged Company of the Equity shares in the said reorganised share capital of the Resulting Company in the ratio as aforesaid.
- viii. The equity shares already issued by the resulting Company prior to this scheme of arrangement and issued by it, in terms of Clause 6.1 of this Scheme together with the new shares pursuant to this scheme, will be listed and/or admitted to trading on the stock exchange where the demerged Company shares are already listed and traded subject to necessary approval to be obtained from Regulated authorities and all necessary applications and compliances will be made in this respect by Resulting Company.
- ix. Approval of this Scheme by the shareholders of Resulting Company shall be deemed to be the due compliance of the provisions of Section 62 & 42 of the Act and the other relevant and applicable provisions of the Companies Act, 2013 for the issue and allotment of equity shares by Resulting Company to the equity shareholders of Demerged Company, as provided in this Scheme.
- x. The equity shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.
- xi. The equity shares to be issued by Resulting Company shall be subject to the Scheme and the Memorandum and Articles of Association of Resulting Company.
- xii. The Resulting Company shall, if and to the extent required, to apply for and obtain any approvals from the concerned Regulated authorities for the issue and allotment by the Resulting Company of new equity shares to the equity shareholders of the Demerged Company.
- xiii. Resulting Company shall comply with the relevant and applicable rules and regulations including provisions of Foreign Exchange Management Act, 1999 to enable it to issue shares pursuant to this scheme.
- xiv. There shall be no change in the shareholding pattern of Vineet Laboratories Limited between the record date and the listing.

9.1.6CLAUSE 7 OF THE SCHEME - ACCOUNTING TREATMENT IN THE BOOKS OF RESULTING COMPANY

Upon sanction of the Scheme by the Tribunal and with effect from the Appointed Date, the Resulting Company shall account for demerger in its books as under:

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Association of the Company for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 2013 or provided by the Association of the Company for the time being."

- b) To the extent of reduction in the Demerged Company, the authorized capital of the Demerged Company to the extent of 52% i.e., Rs.10,40,00,000/- shall stand transferred to and merged with the authorized capital of the Resulting Company.
- c) "Consequent upon the scheme coming into effect the existing authorized share capital of the Resulting Company of Rs.41,00,000/- divided into 4,10,000 equity shares of Rs.10/- each is re-organized and shall be Rs.10,81,00,000 divided into 1,08,10,000 equity shares of Rs. 10/- each".

The following clauses in the Memorandum and Articles of Association of the Resulting Company shall stand amended to read as under:

Clause V in the Memorandum of Association: "The Authorized Share Capital of the Company is Rs.10,81,00,000/- divided into 1,08,10,000 equity shares of Rs.10/- each. The Company shall have power from time to time to increase, reduce or alter its Share capital and issue any shares in original or new capital as equity or preference shares".

9.1.5CLAUSE 6 OF THE SCHEME - ISSUE OF SHARES BY THE RESULTING COMPANY

- i. Upon sanction of the Scheme by the Tribunal, Resulting Company shall without any further application or deed, issue and allot Shares, credited as fully paid-up, to the extent indicated below to the shareholders of Demerged Company, holding shares in Demerged Company and whose name appear in the Register of Members on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the respective Board of Directors in the following proportion:
 - o 52 Equity share of Rs.10/- each (fully paid-up) of Resulting Company shall be issued and allotted for every 100 (hundred) Equity Shares of Rs.10/- each (fully paid-up) held by the shareholders in Demerged Company amounting to 88,09,008 equity shares of Rs.10/- each.
 - ii. The 88,09,008 equity shares issued and allotted by the Resulting Company in terms of this Scheme shall rank pari-passu in all respects with the existing equity shares of the Resulting Company.
 - iii. No fractional share(s) shall be issued by the Resulting Company in respect of any fractions which the members of the Demerged Company may be entitled to on issue and allotment of the New Equity Shares as aforesaid by the Company. The Board of Directors of the Resulting Company shall instead, consolidate all such

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- i. All the assets, including but not limited to the fixed assets, intangible and any other assets pertaining to the demerged undertaking, shall be recorded by the Resulting Company at their respective book values.
- ii. All the liabilities pertaining to the Demerged Undertaking shall be recorded by the Resulting Company at their book values.
- iii. In case of any difference in accounting policies between the Demerged Company and the Resulting Company the accounting policies followed by the Resulting Company shall prevail to ensure that the financial statements reflect the financial position on the basis of consistent accounting policies.
- iv. Resulting Company shall credit to the Share Capital account in its books of account, the aggregate face value of the shares issued and allotted as per Clause 6 of the Scheme to shareholders of Demerged Company.
- v. The difference being the excess of the Net Assets Value of the Demerged Undertaking transferred to and recorded by Resulting Company as per Clause i and ii above and the face value of Shares allotted as per Clause 6 of the Scheme above, after considering the adjustments mentioned in Clause ii above, shall be credited to General Reserve of Resulting Company. The shortfall, if any, shall be debited to Goodwill account of Resulting Company.

9.1.7CLAUSE 8 OF THE SCHEME - ACCOUNTING TREATMENT IN THE BOOKS OF DEMERGED COMPANY

Upon sanction of the Scheme by the Tribunal and with effect from the Appointed Date, the Demerged Company shall account for demerger in its books as under:

- i. Upon sanction of the Scheme by the Tribunal and from the Appointed Date, Demerged Company shall reduce from its books, the book value of assets and liabilities transferred part of the Demerged Undertaking to Resulting Company, pursuant to the Scheme.
- ii. The difference in the book value of assets and the book value of liabilities transferred pursuant to the Scheme shall be adjusted entirely against the General Reserve Account as provided.

9.1.8CLAUSE 11 OF THE SCHEME - LEGAL PROCEEDINGS

- i. All legal proceedings of whatsoever nature by or against Demerged Company pending and/or arising before the Scheme becomes Effective upon sanction by the Hon'ble Tribunal and relating to the Demerged Undertaking, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Resulting Company, as the case may be, in the same manner and to the same extent as would or might have been continued and enforced by or against Demerged Company.

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fractional entitlements and allot New Equity Shares in lieu thereof to Committee of the Board of the Resulting Company who shall hold the New Equity Shares in trust on behalf of the members entitled to such fractional entitlements with express understanding that such Committee shall sell the same in market at such time(s) (not later than 6 months upon sanction of the Scheme by the Tribunal) at such price(s) and to such person(s) as it/they may deem fit, and pay to the Resulting Company the net sale proceeds thereof. Thereupon the Resulting Company shall distribute the net sale proceeds, after deduction of applicable taxes/duties/levies, if any, to the members entitled in proportion to their respective fractional entitlements. In case the number of such shares to be allotted to the Director/officer by virtue of consolidation of fractional entitlements is a fraction, one additional equity share will be issued in the Resulting Company to such Director/officer.

- iv. Shares to be issued by Resulting Company pursuant to Clause 6.1 in respect of any equity shares held by shareholder of Demerged Company which are held in abeyance under the provisions of Section 126 of the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by Resulting Company.
- v. In so far as the issue of equity shares pursuant to Clause 6.1 is concerned, the same shall be issued and allotted in dematerialized form to those equity shareholders who hold equity shares in Demerged Company in dematerialized form, in to the account with the Depository Participant in which the equity shares of Demerged Company are held or such other account with the Depository Participant as is intimated by the equity shareholders to Resulting Company before the Record Date. All those equity shareholders of Demerged Company who hold equity shares of Demerged Company in physical form shall also have the option to receive the shares, as the case may be, in dematerialised form provided the details of their account with the Depository Participant are intimated in writing to Resulting Company before the Record Date. In the event that Resulting Company has received notice from any equity shareholder of Demerged Company that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her/its account with a Depository Participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of Resulting Company, then Resulting Company shall issue equity shares of Resulting Company, in accordance with the Demerged Company Share Entitlement Ratio, as the case may be, in physical form to such equity Shareholder.
- vi. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of Demerged Company, the Board of Directors or any committee thereof of Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in Demerged Company as if such changes in register of member were operative as on the Record Date, in order to remove any difficulties arising to the transfer of the share in Demerged Company and in relation to the shares issued by Resulting Company after the effectiveness of this Scheme. The Board of Directors of Demerged Company and Resulting Company shall be empowered to jointly remove such difficulties as may arise in the course of implementation of

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- ii. After the sanction of the Scheme by the Tribunal, if any proceedings are taken against Demerged Company in respect of the matters referred to in Clause above, it shall defend the same at the cost of Resulting Company and Resulting Company shall reimburse and indemnify Demerged Company against all liabilities and obligations incurred by Demerged Company in respect thereof.
- iii. Resulting Company undertakes to have all respective legal or other proceedings initiated by or against Demerged Company referred to in Clause i or ii above transferred into its name and to have the same continued, prosecuted and enforced by or against Resulting Company as the case may be, to the exclusion of Demerged Company.

9.1.9CLAUSE 14 OF THE SCHEME: STAFF, WORKMEN AND EMPLOYEES OF DEMERGED UNDERTAKING:

- i. Upon sanction of the Scheme by the Tribunal, all staff, workmen and employees of Demerged Company engaged in or on relation to the Demerged Undertaking and who are in such employment as on the Date of sanction of the Scheme by the Tribunal shall become the staff, workmen and employees of Resulting Company from Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favourable than those on which they are engaged by Demerged Company and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking.
- ii. In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by Demerged Company for the employees related to the Demerged Undertaking (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are preferable to the employees related to the Demerged Undertaking being transferred to Resulting Company, in terms of the Scheme shall be transferred to Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of Resulting Company, either be continued as separate funds of Resulting Company for the benefit of the employees related to the Demerged Undertaking or be transferred to and merged with other similar funds of Resulting Company. In the event that Resulting Company does not have its own funds in respect of any of the above, Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the funds of Demerged Company, until such time that Resulting Company creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees related to the Demerged Undertaking shall be transferred to the funds created by Resulting Company. Subject to the relevant law, rules and regulations applicable to the Funds, the Board of Directors or any committee thereof of Demerged Company and Resulting Company may decide to continue to make the said contributions to the Funds of Demerged Company. It is clarified that the services of the employees of the Demerged Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.

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- iii. Any question that may arise as to whether any employee belongs to or does not belong to the Demerged Undertaking shall be decided by the Board of Directors or Committee thereof of Demerged Company.

9.1.10CLAUSE 17 OF THE SCHEME - LISTING REGULATIONS AND SEBI COMPLIANCES

- i. On approval of the Scheme by the NCLT, the Resulting Company shall apply for listing and trading permissions of its Equity Shares in the BSE an NSE and comply with the SEBI Regulations including the Listing Regulations and SCRR in this regard.
- ii. The Demerged Company being a Listed Company shall continue to comply with all the requirements under the Listing Agreement/Regulations and all statutory directives of SEBI in so far as they relate sanction and implementation of this Scheme.
- iii. The Demerged Company in compliance with Listing Agreement/Regulations shall apply for approval of BSE and NSE where the shares are listed, before approaching the NCLT for sanction of this Scheme.
- iv. New equity shares allotted to the Shareholders of the Demerged Company by the Resulting Company pursuant to the Scheme shall remain frozen in the depositories system until listing/trading permission is granted by the Stock Exchanges between the date of allotment of Equity shares of the Resulting Company to the shareholders of Demerged Company on the date of Listing of Equity shares of the Resulting Company to the Stock Exchanges.
- v. The Demerged Company shall also comply with the Directives of SEBI contained in Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015.

You are hereby 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.

10. Pre and Post Arrangement (Demerger) Capital Structure

- a) The pre and post demerger Capital Structure of the Demerged Company is as follows:

Particulars	Pre Demerger		Post Demerger	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Authorised Capital				
Equity Shares of Rs.10/- each	2,00,00,000	20,00,00,000	96,00,000	9,60,00,000
	Total	20,00,00,000	Total	9,60,00,000
Issued, Subscribed & Paid Up Capital				
Equity Shares of Rs.10/- each	1,69,40,400	1,69,40,400	81,31,392	8,13,13,920

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Scheme as no sacrifice or waiver is at all called from them nor their rights sought to be modified in any manner and all the creditors of the demerged undertaking of the Demerged Company will become the Creditors of the Resulting Company and post the Scheme, the Resulting Company will be able to meet its liabilities as they arise in the ordinary course of business. The financial position of the remaining undertaking of the Demerged Company will not be adversely affected by the Scheme.

- 12.5 Depositors & deposit trustee:** Not Applicable. As on date, neither the Demerged nor the Resulting Company have any outstanding public deposits and therefore the effect of the Scheme on any such depositors and deposit trustee does not arise.
- 12.6 Debenture holders & debenture trustee:** Not Applicable. As on date, neither the Demerged nor the Resulting Company have any outstanding Debentures and therefore the effect of the Scheme on any such debenture holders and debenture trustee does not arise.
13. The Demerged Company and the Resulting Companies are related parties by virtue of the directorship of the Directors of Demerged Company in Resulting Company and holding more than 2 % of the equity shares along with persons acting in concert with them. This Scheme being a single window clearance for the matters consequential or incidental to or otherwise integrally connected with the Scheme, approval of the Scheme by the shareholders of the Companies involved shall be deemed to constitute due compliance with Section 188 and any other applicable provisions of the Act and any other applicable provisions of the SEBI (LDR) Regulations and no further action under the Act, the SEBI (LDR) Regulations or the articles of association of the Companies shall be separately required.
- 14. Valuation & Fairness Certificate**
- Since the resulting Company will be issuing shares to all the shareholders of the Demerged Company, a Valuation Report from Mr. M. Madhusudhana Reddy, the Registered Valuer and Fairness Opinion from Quintessence Enterprises Private Limited, the SEBI Registered Category I Merchant Banker have been obtained vide their Reports dated 13.04.2019 and 26.04.2019 respectively.

15. SEBI Regulations and approval of the Stock Exchanges

The Demerged Company's equity shares are listed and traded on the BSE Limited ("BSE") bearing ISIN: INE749B01012 & Scrip Code: 539287 and on the National Stock Exchange of India Limited ("NSE") bearing Symbol: ORTLNLABSS.

The Demerged and the Resulting Companies have obtained the approval / observations from BSE and NSE vide their letters dated 20.06.2019.

On approval of the Scheme by the NCLT, the Resulting Company shall apply for listing and trading permissions of its Equity Shares in the BSE an NSE and

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- b) The pre and post demerger Capital Structure of the Resulting Company is as follows:

Particulars	Pre Demerger as on 31.03.2019		Post Demerger	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Authorised Capital				
Equity Shares of Rs.10/- each	4,10,000	41,00,000	1,08,10,000	10,81,00,000
	Total	41,00,000	Total	10,81,00,000
Issued, Subscribed & Paid Up Capital				
Equity Shares of Rs.10/- each	4,10,000	41,00,000	92,19,008	9,21,90,080

11. Disclosure about effect of compromise or arrangement on material interests of directors, and Key Managerial Personnel (KMP) of the Demerged and the Resulting Company

None of the directors, the "Key Managerial Personnel" (as defined under the Act and rules formed thereunder) of the Demerged Company, where applicable and the Resulting Company and their respective "Relatives" (as defined under the Act and rules formed thereunder) have any material interests, financial or otherwise in the Scheme, except to the extent of their respective shareholding in the Demerged Company or Resulting Company and/ or to the extent, the said directors are common directors of the Demerged Company or Resulting Company. The Directors of the Demerged Company who are also the directors in Resulting Company are holding more than two percent of the paid-up share capital of Resulting Company along with their relatives/persons acting in concert with them. The "Key Managerial Personnel" in charge of their respective undertakings in the demerged company will continue to serve in their respective undertakings of demerged and resulting company after the scheme of arrangement.

12. Disclosure about the effect of the compromise or arrangement on the following persons belonging to the Demerged and the Resulting Company:

12.1 KMP & Directors: The Scheme of Arrangement, if approved by the appropriate authorities and the Tribunal, shall not have any adverse impact or effect on the Key Managerial Personnel & Directors of the Demerged Company and the Resulting Company (where applicable).

Upon sanction of the Scheme by the Tribunal, all KMP and directors of the Demerged Company engaged in or in relation to the Demerged Undertaking and who are in such employment as on the Date of sanction of the Scheme by the Tribunal shall become the staff, workmen and employees of Resulting Company from Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favourable than those on which they are engaged by Demerged Company and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking.

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comply with the SEBI Regulations including the Listing Regulations and SCRR in this regard.

The Demerged Company being a Listed Company shall continue to comply with all the requirements under the Listing Agreement/Regulations and all statutory directives of SEBI in so far as they relate sanction and implementation of this Scheme.

- 16. Details of capital or debt restructuring, if any:** The Scheme does not contemplate any debt restructuring nor are any of the Demerged and Resulting Company undergoing any debt restructuring.
17. In compliance with the provisions of section 232(2)(c) of the Act, the Board of the Demerged and Resulting Company, has adopted a report, inter-alia, explaining the effect of the Scheme on their respective shareholders and key managerial personnel among others. A copy of the report adopted by the respective Boards is enclosed to this notice from **Annexure 3 to 4**.
18. The audited financials for the financial year ended 31.03.2019 and the unaudited supplementary accounting statement for the six months period ended 30.09.2019 of the Demerged and Resulting Company and are enclosed to this notice as **Annexure 5 to 8**, respectively.
19. Certificates issued by the statutory auditors of the Demerged and Resulting Company in terms of the provisos to Sections 230(7) and 232(3) of the Act, certifying that the accounting treatment provided for in the Scheme is in conformity with the accounting standards specified under Section 133 of the Act enclosed herewith as **Annexure 9**.
20. No winding-up petition (including under Section 433 read with Section 434 of the Companies Act, 1956) and/ or insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 have been filed/ instituted or are pending against any of the Demerged and Resulting Company.
21. No investigation proceedings have been instituted or are pending in relation to any of the Demerged and Resulting Company under Sections 235 to 251 of the Companies Act, 1956 or under Sections 206 to 229 (Chapter XIV) of the Act.
22. The Demerged and Resulting Company have filed a copy of the Scheme with the Registrar of Companies, Hyderabad, Telangana, pursuant to Section 232(2)(b) of the Act.
- 23. Details of approval from regulatory authorities and other government authorities:**

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

- a) Registrar of Companies
b) Regional Director

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12.2 Promoter and Non-Promoter Shareholders: Upon sanction of the Scheme by the Tribunal, Resulting Company shall without any further application or deed, issue and allot Shares, credited as fully paid-up, to the extent indicated below to the shareholders (promoter and non-promoter shareholders) of Demerged Company, holding shares in Demerged Company and whose name appear in the Register of Members on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the respective Board of Directors in the following proportion:

52 Equity share of Rs. 10/- each (fully paid-up) of Resulting Company shall be issued and allotted for every 100 (hundred) Equity Shares of Re. 10/- each (fully paid-up) held by the shareholders in Demerged Company amounting to 88,09,008 equity shares of Rs. 10/- each. Therefore, 88,09,008 equity shares issued and allotted by the Resulting Company in terms of this Scheme shall rank pari-passu in all respects with the existing equity shares of the Resulting Company.

48 Equity shares of Rs. 10/- each (fully paid-up) of Demerged Company shall be issued and allotted for every 100 (hundred) Equity Shares of Re. 10/- each (fully paid-up) held by the shareholders in Demerged Company and whose name appear in the Register of Members on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the respective Board of Directors in the following proportion:

On account of scheme of arrangement (demerger) there will be a change in the capital structure of the Demerged and Resulting Companies and the number of shares and the shareholding pattern of the Demerged Company and Resulting Company before and after the scheme of arrangement are given at para no 9.1.2 above.

12.3 Employees: No rights of the staff and employees of the Resulting Company will be affected. Upon sanction of the Scheme by the Tribunal, all staff, workmen and employees of Demerged Company engaged in or in relation to the Demerged Undertaking and who are in such employment as on the Date of sanction of the Scheme by the Tribunal shall become the staff, workmen and employees of Resulting Company from Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favourable than those on which they are engaged by Demerged Company and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking.

12.4 Creditors: The Scheme is expected to be in the best interest of the creditors of the Demerged Company. There are no creditors in the Resulting Company. Under the Scheme, the creditors/liabilities relating to the Demerged Undertaking being transferred by the Demerged Company shall be transferred to the Resulting Company, on a going concern basis, at the value appearing in the books of account of the Demerged Company immediately before the Demerger. The liability of the creditors of the Demerged Company under the Scheme, is neither being reduced nor being extinguished. The rights and interests of creditors of the Demerged Company will not be prejudicially affected by the

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- c) Official Liquidator
d) Income Tax Authorities
e) National Company Law Tribunal
f) SEBI through Stock Exchanges (NSE & BSE)

The Companies have already received NOC from BSE and NSE vide their letters dated 20.06.2019. The Companies have also filed the Scheme with the Hon'ble National Company Law Tribunal, Bench at Hyderabad vide joint company application bearing no CA (CAA) No. 230/ 230/HDB/ 2019, Registrar of Companies, Regional Director, Official Liquidator and Income Tax Authorities. The Companies are yet to file the petition before the Hon'ble National Company Law Tribunal, Bench at Hyderabad for obtaining its approval and sanction to the Scheme.

24. Inspection:

Inspection and / or extract by the members of the Company, of the following documents is allowed at the Registered Office of the Company on all working days (except on Saturdays, Sundays and Public Holidays) upto two working days prior to the date of the meeting;

- a) Company Application No. C.A.(CAA)/NO.230/230/HDB/2019, filed by the Demerged and Resulting Company before the Hon'ble National Company Law Tribunal, Bench at Hyderabad.
- b) Certified copy of the order dated 6th day of January, 2020, passed by the Hon'ble National Company Law Tribunal, Bench at Hyderabad, in the C.A.(CAA) No.230/230/HDB/2019.
- c) Resolution passed by the Board of Directors of Demerged Company and Resulting Company approving the Scheme of Arrangement at their respective meetings.
- d) Scheme of Arrangement between Ortin Laboratories Limited (Demerged Company or Transferor Company) and Vlnet Laboratories Limited (Resulting Company or Transferee Company) and their respective Shareholders and Creditors ("Scheme")
- e) A certificate issued by Auditors of the Companies 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;
- f) Certificates of Incorporation, Fresh Certificates of Incorporation (where applicable) Memorandum and Articles of Association of the Demerged Company and the Resulting Company.
- g) Report adopted by the Board of Directors of the Demerged Company and the Resulting Company, explaining the effect of Scheme on key managerial personnel, promoters and non-promoter Shareholders.

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- h) Audited Balance Sheet and Profit and Loss account of the Demerged Company and the Resulting Company for the financial year ended on 31.03.2019.
 - i) Supplementary Unaudited Accounting Statement of the Demerged Company and the Resulting Company for the period ended on 30.09.2019.
 - j) Certificates issued by the Chartered Accountant confirming the Accounting Treatment proposed in the Scheme.
 - k) A copy of the Valuation Report issued by the Registered Valuer.
 - l) A copy of the Fairness Opinion Certificate issued by Merchant Banker.
 - m) A Copy of the Observation Letters issued by BSE and NSE
 - n) Complaints Report submitted by Ortin Laboratories Limited to BSE Limited and National Stock Exchange of India Limited.
 - o) Abridged Prospectus of Vineet Laboratories Limited
 - p) Pre and post shareholding pattern of the demerged and resulting company
25. The Scheme of Arrangement, if approved by the Equity Shareholders, shall be operative from the Appointed Date subject to the approval and directions of the Hon'ble National Company Law Tribunal, Bench at Hyderabad.
26. 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 / nominee shareholders in general.
27. The resolution set out in the notice is recommended in relation to the approval of the proposed Scheme of Arrangement between Ortin Laboratories Limited (Demerged Company or Transferor Company) and Vineet Laboratories Limited (Resulting or Transferee Company) and their respective Shareholders and Creditors ("Scheme").
28. This statement may be treated as Explanatory Statement under Section 102 read with sections 230 to 232 of the Companies Act, 2013, read with relevant rules made thereunder.

SD/-
Amir Ali Bavani
Chairperson - Tribunal Convened
Meeting of Equity Shareholders of
Ortin Laboratories Limited

**Dated this the 20th day of January, 2020
Hyderabad**

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- a) The nature of risk and return involved in the business of API Intermediates Division is distinct from the Formulations Division. Hence, transfer of API Intermediates Division would enable both the divisions to run and operate independently and in a more cohesive manner so as to run more profitably and attract potential collaborators for the future growth and development of business by both the Resulting Company as well as the Demerged Company.
- b) The transfer and vesting of the demerged undertaking of the Demerged Company to the Resulting Company through this Scheme is with a view to unlock the economic value of both the Companies.
- c) The said transfer of Undertaking would provide greater flexibility and visibility on the operational and financial performance of both the divisions and would provide higher degree of independence as well as accountability.
- (iv) The Board of Directors of the Demerged Company is of the opinion that the Scheme of Arrangement would benefit the shareholders, creditors, employees and other stakeholders of both the Companies.
- (v) This Scheme also provides for various other matters consequential or related thereto and otherwise integrally connected therewith.

D. OPERATION OF THE SCHEME

- (i) The Scheme provides for transfer of demerged undertaking to the Resulting Company, according to the applicable provisions of the Act and/or any other applicable laws.
- (ii) The Demerged Company will continue its interests in the Remaining Division as is presently being carried out but with greater focus on growth opportunities.
- (iii) The Resulting Company shall issue and allot equity shares to all the shareholders of the Demerged Company as consideration for the transfer of the Demerged Undertaking, in proportion of their shareholding in the Demerged Company as per the share entitlement ratio.
- (iv) The Equity Shares issued by the Resulting Company to the shareholders of the Demerged Company along with the existing equity shares already issued shall be listed on BSE and NSE in accordance to LODR Regulations.
- (v) The Demerger of the Demerged Undertaking in accordance with this Scheme shall take effect from the Appointed Date in accordance of the provisions of Sections 230-232 of the Act read with Section 66 of the Companies Act, 2013 and the other provisions of Companies Act, 2013 as may be applicable and shall be in accordance with Section 2(19AA) of the Income Tax Act, 1961, such that:
- (a) all the assets relating to the Demerged Undertaking being transferred by the Demerged Company, as on the Appointed Date shall become the properties of the Resulting Company by virtue of this Scheme;

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Annexure-1
**SCHEME OF ARRANGEMENT
IN THE MATTER OF DE-MERGER AND TRANSFER OF
DE-MERGED UNDERTAKING
BETWEEN
ORTIN LABORATORIES LIMITED
(Demerged Company)
AND
VINEET LABORATORIES LIMITED
(Resulting Company)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS
(UNDER SECTIONS 230 TO 232 READ WITH SECTIONS 66
OF THE COMPANIES ACT, 2013 AND OTHER PROVISIONS OF THE
COMPANIES ACT, 2013 AS APPLICABLE)**

A. PREAMBLE

This Scheme of Arrangement ("Demerger") (the "Scheme") is presented under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 and other relevant provisions of the Act for the demerger of Demerged Undertaking of the Demerged Company (i.e. Ortin Laboratories Limited) into the Resulting Company (i.e. Vineet Laboratories Limited) and reduction of paid up equity share capital of Ortin Laboratories Limited.

B. DETAILS OF COMPANIES

- (i) Ortin Laboratories Limited ("Demerged Company") was originally incorporated as a private limited company in the name and style "Ortin Laboratories Private Limited" on 27th day of October, 1986 under the provisions of the Companies Act, 1956 and subsequently converted into a Public Limited Company and the word "private" was deleted from the name of the Company on 23rd January, 1995. The Registered Office of the company is situated at D. No: 1-2-593/29, Ground Floor, Street No.4, Gagan Mahal Colony, Near Bala Sai Temple, Domalguda Hyderabad- 500029, Telangana. The demerged company is engaged in the business of manufacturing complete range of pharmaceutical formulations, API Intermediates, trading of chemicals, surgical and medicines. The Equity Shares of Demerged Company are listed and traded on BSE Limited ("BSE") having Security Code "532827" and National Stock Exchange of India Limited ("NSE") having Symbol "ORTNLASS". The Corporate Identity Number of the Company is L24110TG1986PLC006885. The PAN of the Company is AAACQ2401L.
- (ii) Vineet Laboratories Limited ("Resulting Company") is a public limited company incorporated under the provisions of the Companies Act, 2013, on 10th day of November, 2019 and its registered office is situated at Sy.No. 11/A3, Sahab Nagar, Kurdu Vill, Chintal Kurta, Eshwaramma Nilayam, L B Nagar, Hyderabad Telangana – 500074. The Corporate Identity Number of Resulting Company is U24304TG2016PLC112888. The objects of the Resulting Company enable it to carry on the business of manufacturing of bulk drugs intermediates and API

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- (b) all the liabilities relating to the Demerged Undertaking, as on the Appointed Date shall become the liabilities of the Resulting Company by virtue of this Scheme;
- (c) all the assets and the liabilities relating to the Demerged Undertaking being transferred by the Demerged Company shall be transferred to the Resulting Company, on a going concern basis, at the value appearing in the books of account of the Demerged Company immediately before the Demerger;
- (d) the Resulting Company shall issue, in consideration of the Demerger Undertaking, its Equity Shares to the shareholders of the Demerged Company as on the Record Date as per the share entitlement ratio; and
- (e) all the shareholders of the Demerged Company as on the Record Date shall become the shareholders of the Resulting Company by virtue of the Demerger.
- (f) the Scheme shall be in compliance with the applicable SEBI Guidelines, Regulations including LODR Regulations, SCRR and the Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017, any subsequent amendments thereof ("SEBI Circular").

E. PARTS OF THE SCHEME

The Scheme is divided into the following parts:

- Part I - deals with definitions, interpretations and share capital
- Part II - deals with transfer and vesting of demerged undertaking
- Part III - deals with General terms and conditions.

PART I

DEFINITIONS, INTERPRETATIONS AND SHARE CAPITAL

1. DEFINITIONS AND INTERPRETATIONS

- 1.1 In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the following meanings:
 - "Act" means the Companies Act, 2013 and any statutory modification or re-enactment thereof for the time being in force.
 - "Applicable Laws" means any statute, notification, bye laws, rules, regulations, guidelines, rules of common law, policy, code, directives, ordinance, orders or instructions having the force of law enacted or issued by any Appropriate Authority including any statutory modification or re-enactment thereof for the time being in force.

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Intermediates. The PAN of the Company is AAFCV6694P.

- iii) the brief details of Scheme of Arrangement (Merger) undergone by the company earlier:

In the year 2011, Vineet Laboratories Private Limited (CIN U24239TC2003PTC040719 - transferor company) headed by Mr. G. Venkata Ramana, with all its assets and liabilities was merged with Ortin Laboratories Limited (CIN L24110TG1986PLC006885 - transferee company) headed by Mr. S. Murali Krishna Murthy, with a swap ratio 17:10, i.e., for every 10 equity shares held by a shareholder in Vineet Laboratories Private Limited, the shareholder of Vineet Laboratories Private Limited got 17 equity shares of Ortin Laboratories Limited. Now, the same set of promoters of Vineet Laboratories Private Limited headed by Mr. G. Venkata Ramana who became promoters of Ortin Laboratories Limited by virtue of merger of Vineet Laboratories Private Limited with Ortin Laboratories Limited are becoming promoters of the Resulting Company, i.e., Vineet Laboratories Limited. Post proposed demerger of the undertaking by Ortin Laboratories Limited and transfer of the undertaking to Vineet Laboratories Limited (resulting company) would be nothing but by and large the status quo ante prior to the earlier merger of Vineet Laboratories Private Limited (transferor company) with Ortin Laboratories Limited (transferee company) is maintained.

C. RATIONALE

- (i) This Scheme is presented under Sections 230 to 232 read with Section 66 of the Companies Act, 2013 for transfer by way of Demerger of the API Intermediates Division of the Demerged Company (defined as demerged undertaking) of the Demerged Company as a going concern to the Resulting Company, and consequential restructure of its share capital.
 - (ii) The Demerged Company has presently 2 (two) Divisions namely Formulations Division and API Intermediates Division. The formulations division is being operated through the Unit I located at Plot No.275 & 278, I.D.A Pashamylaram, Medak Dist. Telangana and the API Intermediates division is being operated through the Unit II located at Sy. No. 300, Malkapur Village, Choutuppal Mandal, Nalgonda District, Telangana. With an objective of achieving operational efficiencies and streamlining its current structure, the Demerged Company proposes to Demerge the API Intermediates Division currently operating through the Unit II (to the Resulting Company and the Demerged Company shall continue to carry on the Formulations Division Business.
 - (iii) In order to achieve efficiency of operations and management and with the intent of realigning the business operations undertaken by the Demerged Company, the management of Demerged Company has decided to concentrate on, and strengthen its core competencies and have greater focus and create more value for the Formulations Division (as defined hereinafter), in the interest of maximizing the overall shareholder value by demerging the API Intermediates Division to the Resulting Company. The objectives that are intended to be achieved by undertaking the Demerger of the API Intermediates Division and the consequential advantages that would ensure are, inter alia, as follows:

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"Appointed Date" means opening business hours of 1st April, 2020 or if the Board of Directors of the demerged company and the resulting company require any other date or the National Company Law Tribunal or other competent authority modifies the appointed date to such other date, then the same shall be the appointed date. The Appointed Date shall be the effective date and the Scheme shall be deemed to be effective from the Appointed Date.

"amended the Appointed Date from 01.04.2017 to 01.04.2020 by the Boards of both demerged and resulting companies vide their respective meetings held on 17.01.2020 pursuant to Ministry of Corporate Affairs General Circular No 9/2019.

"Appropriate Authority" means and includes any governmental, statutory, departmental or public body or authority, including RBI, SEBI, BSE, NSE, Registrar of Companies, Regional Director, National Company Law Tribunal, Depositories.

"Articles of Association" means the articles of association of the Demerged Company or as the case may be, the articles of association of the Resulting Company.

"Board" in relation to each of the Demerged Company and the Resulting Company, as the case may be, means the Board of directors of such company, and shall include a committee duly constituted and authorised for the purposes of matters pertaining to the Demerger, the Scheme and/or any other matter relating thereto.

"Book Value" shall mean the value(s) of assets and liabilities of the Demerged Undertaking, as appearing in the books of accounts of the demerged company at the close of business as on the day immediately preceding the Appointed Date.

"Demerged Company" means Ortin Laboratories Limited, a company incorporated under the provisions of the Companies Act, 1956 under CIN: L24110TG1986PLC006885 and having registered office at D. No. 1-2-593/29, Ground Floor, Street No.4, Gagan Mahal Colony, Near Bala Sai Temple, Domalguda Hyderabad- 500029, Telangana.

"Demerged Undertaking" means and include

- i) all the business, undertaking, properties, investments and liabilities of whatsoever nature and kind and wheresoever situated, of the Demerged Company, in relation to and pertaining to the API Intermediates Division on going concern basis as are related to the Unit II located at Sy. No. 300, Malkapur Village, Choutuppal Mandal, Nalgonda District Telangana, together with all its assets and liabilities and shall mean and include (without limitation):
 - (a) all the movable and immovable properties including plant and machinery, equipment, furniture, fixtures, vehicles, stocks and inventory, freehold/leasehold assets and other contingent assets (whether tangible or intangible) of whatsoever nature in relation to the API Intermediates Division, approvals, consents, letters of intent, registrations, contracts, engagements, arrangements, settlements, rights,

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credits, titles, interests, benefits, advantages, leasehold rights, sub-letting tenancy rights, goodwill, other intangibles, industrial and other licenses (as mentioned in the Annexure 1 in detail), permits, authorisations, import quotas and other quota rights, right to use and avail of telephones, telex, facsimile and other communication facilities, connections, installations and equipment, utilities, electricity and electronic and all other services of every kind, nature and description whatsoever, provisions, funds and benefits of all agreements, arrangements, deposits, advances, recoverable and receivables, whether from government, semi-government, local authorities or any other person including customers, contractors or other counter parties, etc., all earnest monies and/or deposits, privileges, liberties, easements, advantages, benefits, exemptions, licenses, privileges concerning the API Intermediates Division and approvals of whatsoever nature (including but not limited to benefits of all tax holiday, tax relief including under the Income Tax Act, 1961 such as credit for advance tax, taxes deducted at source, brought forward accumulated tax losses, unabsorbed depreciation, etc.) and whosoever situated, belonging to or in the ownership, power or possession or control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the API Intermediates Division as on the Appointed Date; (include all the drug licenses, pharmacy agreements, franchise, sector specific approvals if any)

- (b) all the debts, borrowings, obligations and liabilities, whether present, or future, whether secured or unsecured, of the Demerged Company in relation to the API Intermediates Division as on the Appointed Date comprising of:
- (i) all the debts, duties, obligations and liabilities including contingent liabilities which arise out of the activities or operations of the Demerged company in relation to the API Intermediates Division and all other debts, liabilities, duties, and obligations of the Demerged Company relating to the Demerged Undertaking which may accrue or arise after the Appointed Date but which related to the period up to the day of immediately preceding the Appointed Date;
- (ii) the specific loans and borrowings raised, incurred and utilised solely for the activities and operations of Demerged Company in relation to the API Intermediates Division; and
- (iii) liabilities other than those referred to in sub-clauses (i) and (ii) above and not directly relatable to the API Intermediates Division, being the amounts of any general or multipurpose borrowings of Demerged Company as stand in the same proportion which the value of assets transferred under this Clause of API Intermediates Division bears to the total value of the assets of the Demerged Company immediately before the Appointed Date;
- (c) all intellectual property rights, including trademarks, trade names and the goodwill associated therewith, patents, patent rights, copyrights and other industrial designs and intellectual properties and rights of any nature whatsoever including know-how, or any applications for the above, assignments and grants in respect thereof of the Demerged Company in relation to the API Intermediates Division as on the Appointed Date;

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- (f) references to dates and times shall be construed to be references to Indian dates and times;
- (g) reference to a document includes an amendment or supplement to or replacement or novation of that document;
- (h) word(s) and expression(s) elsewhere defined in the Scheme will have the meaning(s) respectively ascribed to them.

2. SHARE CAPITAL

The share capital of the Demerged Company as on 30th June, 2018, is as under:

Particulars	Amount in Rs.
AUTHORISED SHARE CAPITAL (2,00,00,000 equity shares of Rs.10/- each)	20,00,00,000
SUBSCRIBED, ISSUED AND PAID-UP SHARE CAPITAL (1,69,40,400 equity shares of Rs.10/- each)	16,94,04,000

The equity shares of the Demerged Company are listed on BSE and NSE.

2.2 The Share capital of the Resulting Company as on 30th June, 2018 is as under:

Particulars	Amount in Rs.
AUTHORISED SHARE CAPITAL (4,10,00,000 equity shares of Rs.10/- each)	41,00,000
SUBSCRIBED, ISSUED AND PAID-UP SHARE CAPITAL (4,10,00,000 equity shares of Rs.10/- each)	41,00,000

2.3 Reclassification of Promoters as per Regulation 31A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

In the pre-demerged scenario, the promoters of M/s Ortin Laboratories Limited consist of two groups. In the post demerger, One group (group-I) will continue as promoters of OLL (demerged company) and the other group (group – II) will become the promoters of Vineet Laboratories Limited (VLL – resulting company) while continuing as shareholders in the public category of OLL. The scheme is designed in such a way that there will not be any common promoters in both the companies. Both the groups independently will handle the management of both the companies as separate set of promoters.

- a) Group I headed by Mr. S. Murali Krishna Murthy and his family members will continue to remain the promoters of Ortin Laboratories Limited after demerger (demerged company).
- b) Group II headed by Mr. G. Venkata Ramana and his family members and associates will exit as promoters from M/s Ortin Laboratories Limited and become the promoters of M/s Vineet Laboratories Limited (resulting company).

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- (d) all books, records, files, papers, engineering and process information, records of standard operating procedures, computer programmes along with their licenses, drawings, manuals, date catalogues, quotations, sales and advertising materials, lists of present and former customers and suppliers, customer credit information, customer pricing information and other records whether in physical or electronic form, in connection with or relating to the API Intermediates Division of the Demerged Company as on the Appointed Date;
- (e) all employees of the Demerged Company engaged in the API Intermediates Division; and
- (f) any question that may arise as to whether a specific asset (tangible or intangible) or any liability pertains or does not pertain to the API Intermediates Division or whether it arises out of the activities or operations of the API Intermediates Division or not, shall be decided by the Board of the Demerged Company or any Committee thereof in consultation with the Board of Directors of the Resulting Company.

“Encumbrance” means (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, title retention, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any person, including any right granted by a transaction which in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under Applicable Laws; (ii) any proxy, power of attorney, voting trust agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any person; and (iii) any adverse claim as to title, possession or use.

“Listing Regulations” means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other SEBI Regulations as applicable to the Scheme.

“Memorandum” means memorandum of association of a Company.

“NCLT / Tribunal” means the National Company Law Tribunal at Hyderabad.

“NSE” means the National Stock Exchange of India Limited.

“Parties” or “Parties to the Scheme” means the Demerged Company and the Resulting Company.

“RBI” means the Reserve Bank of India.

“Record Date” means the date to be fixed by the Board of Directors of the Demerged Company in consultation with the Resulting Company for the purpose of reckoning names of the equity shareholders of the Demerged Company, who shall be entitled to receive Equity Shares of the Resulting Company pursuant to this Scheme.

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c) Thus, in the Post demerger, Group I (the promoters of demerged company) will continue as public shareholders in the Resulting company and the Group II (the promoters of Resulting company) will continue as public shareholders in the demerged company.

2.4.1. The shareholding pattern of M/s Ortin Laboratories Limited before demerger as on 30.06.2018 is as under:

Category	No. of shares	%
Promoters	59,01,366	34.84
Public	1,10,39,034	65.16
Total	1,69,40,400	100.00

The breakup of the promoters is given below covering both pre and post demerger:

Sl.No	Name of the promoter	Pre scheme Shares	%	Post scheme shares	%
GROUP I					
1	S Murali Krishna Murthy	143475	0.85	68868	0.85
2	S. Balaji Venkateswarulu	157827	0.93	75756	0.93
3	S Sarath Kumar	120200	0.71	57696	0.71
4	S Venkata Sujatha	122800	0.72	58944	0.72
5	Lakshmi Shrivani Dasari	87500	0.52	42000	0.52
6	S Srinivas Kumar	246723	1.46	118427	1.46
7	S Hema Kumari	110200	0.65	52896	0.65
8	S Tandav Krishna	90650	0.54	43512	0.54
9	S Ravi Sankar	85000	0.50	40800	0.50
10	S Rajeshwari	39110	0.23	18772	0.23
11	S Krishna Karthik	60000	0.35	28800	0.35
12	S Satya Praveen Kumar	79316	0.47	38071	0.47
13	S. Nagaiyothi	90290	0.53	43339	0.53
14	S Venkataratnamma	192389	1.14	92346	1.14
15	S. Venkata Subbamma	101250	0.6	48600	0.60
16	S Mohan Krishna Murthy	35816	0.21	17191	0.21
Total (I)		1762546	10.41	846018	10.41

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“Registrar of Companies” means the Registrar of Companies at Hyderabad for the State of Andhra Pradesh and the State of Telangana.

“Remaining Employees” mean all the permanent employees of the Demerged Company other than the Transferred Employees.

“Remaining Undertaking” means all the undertakings, businesses, activities and operations of the Demerged Company other than those comprised in the Demerged Undertaking and remaining with the Demerged Company after giving effect to this Scheme.

“Resulting Company” means Vineet Laboratories Limited, a company incorporated under the provisions of the Companies Act, 2013 under CIN: U24304TG2016PLC112888 and having registered office at Sy.No. 11/A/3, Saheb Nagar, Kurdu Vill, Chintal Kunta, Eshwaramma Nilayam, L B Nagar, Hyderabad Telangana – 500074.

“SCRR” means Securities Contracts (Regulation) Rules, 1957

“SEBI” means the Securities and Exchange Board of India.

“Scheme”, “the Scheme”, “this Scheme”, “Scheme of Arrangement” means this Scheme of Arrangement in its present form or as may be modified by an agreement between the Parties submitted to the NCLT or any other Appropriate Authority in the relevant jurisdictions with any modification thereof as the NCLT or any other Appropriate Authority may direct.

“Share Entitlement Ratio” means, the number of equity shares of Vineet Laboratories Limited (Resulting Company) to which a shareholder of Ortin Laboratories Limited (Demerged Company) would be entitled to in proportion of his existing shares in Ortin Laboratories Limited (Demerged Company).

“Stock Exchanges” means collectively, the BSE and the NSE.

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 Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, Income Tax Act, 1961 and other Applicable laws, rules, regulations, bye laws, as the case may be, including any statutory modification or re-enactment thereof from time to time.

1.2 In this Scheme, unless the context otherwise requires:

- (a) words denoting singular shall include plural and vice versa;
- (b) headings and bold typeface are only for convenience and shall be ignored for the purposes of interpretation;
- (c) references to the word “include” or “including” shall be construed without limitation;
- (d) a reference to an article, section, paragraph or schedule is, unless indicated to the contrary, a reference to an article, section, paragraph or schedule of this Scheme;
- (e) unless otherwise defined, the reference to the word “days” shall mean calendar days;

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GROUP II					
1	Satyanarayanaraju Bhupathiraju	496130	2.93	238142	2.93
2	A. Srinivas Raju	392634	2.32	188464	2.32
3	A Ranga Raju	302775	1.79	145332	1.79
4	A Prabhakar Raju	616933	3.64	296127	3.64
5	A Maithali	323310	1.91	155188	1.91
6	Venkata Ramana Gaddam	818409	4.83	392836	4.83
7	A Anantalakshmi	319022	1.88	153130	1.88
8	Venkata Rama Gaddam	767247	4.53	368278	4.53
9	Gaddam Srinivasa Rao	69680	0.41	33446	0.41
10	Gaddam Balaji	32680	0.19	15686	0.19
	Total (II)	4138820	24.43	1986629	24.43
	Grand Total (I+II)	5901366	34.84	2832647	34.84

2.4.2. Post-demerger shareholding pattern of OLL (demerged company i.e., Group I) will be as under:

The post demerger shareholding pattern of OLL (demerged company) is given below:

Category	No. of shares	% of demerged paid up capital
Promoters	8,46,018	10.41
Public	72,85,374	89.59
Total	81,31,392	100.00

2.5.1 Pre- Demerger shareholding pattern of Vineet Laboratories Limited (Resulting Company)

The pre demerger shareholding pattern of M/s Vineet Laboratories Limited is given below:

Category	No. of shares	% pre-demerger paid up capital
Promoters	4,10,000	100
Public	0	0
Total	4,10,000	100

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2.5.2 The breakup of the promoter's shareholding covering both the pre and post demerger is given below:

Sr. No	Name of the promoter	Existing Promoter in OLL in Group II	Existing Promoter in VLL	Pre Scheme Shares in VLL	%	Post scheme shares (including pre scheme shares)	%
1	Salyanarayanaraju Bhupathiraju	Yes	Yes	30000	7.31	287987	3.12
2	A. Srinivas Raju	Yes	Yes	34650	8.44	238819	2.59
3	A Ranga Raju	Yes	Yes	34650	8.44	192093	2.08
4	A Prabhakar Raju	Yes	Yes	36400	8.88	357205	3.87
5	A Mailhali	Yes	Yes	36400	8.88	204521	2.22
6	Venkata Ramana Gaddam	Yes	Yes	51600	12.59	477172	5.18
7	A Anarilalakshmi	Yes	No	-	-	165891	1.80
8	Venkata Rama Gaddam	Yes	Yes	51400	12.54	450368	4.89
9	Gaddam Srinivasa Rao	Yes	No	-	-	36233	0.39
10	Gaddam Balaji	Yes	No	-	-	16993	0.18
11	V. Varaprasada Rao	No	Yes	51400	12.54	162083	1.76
12	K. Murl Mohan	No	Yes	50000	12.20	50000	0.54
13	P. Kishore Raju	No	Yes	16750	4.09	16750	0.18
14	P. Venkata Krishnam Raju	No	Yes	16750	4.09	16750	0.18
	Total			410000	100	2672865	28.99

*The post scheme shares of Mr. Venkata Ramana Gaddam and Mrs. Venkata Rama Gaddam were inadvertently mentioned as 468804 (5.09%) and 476972 (5.17) respectively in the approved scheme on 15.05.2019. The same was rectified by the Board of both the demerged and resulting Companies in their respective meetings held on 17.01.2020.

As shown in the above table, the existing promoters of Vineet Laboratories Limited (resulting company) who are also existing promoters in Group II of Ortin Laboratories Limited (demerged company) will be the promoters of Vineet Laboratories Limited. In post demerger, the promoters in Group I of Ortin Laboratories Limited will be a part of public shareholders in Vineet Laboratories Limited (Resulting Company). Post demerger shareholding pattern of Vineet Laboratories Limited will be as under:

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to Resulting Company as if they were originally obtained by Resulting Company. In so far as the various incentives, subsidies, rehabilitation schemes, special status and other benefits or privileges enjoyed, granted by any Government body, local authority or by any other person or availed of by Demerged Company relating to the Demerged Undertaking, are concerned, the same shall vest with and be available to Resulting Company on the same terms and conditions as applicable to Demerged Company, as if the same had been allotted and/or granted and/or sanctioned and/or allowed to Resulting Company.

4.4 The entitlement to various benefits under Incentive Schemes and Policies in relation to the Demerged Undertaking of the Demerged Company shall stand transferred to and be vested in and/or be deemed to have been transferred to and vested in the Resulting Company together with all benefits, entitlements or incentives of any nature whatsoever. Such entitlements shall include (but shall not be limited to) income-tax, goods and service tax sales tax, value added tax, turnover tax, excise duty, service tax, customs and others and incentives in relation to the Demerged Undertaking to be claimed by the Resulting Company with effect from the appointed date as if the Resulting Company was originally entitled to all such benefits under such incentive scheme and/or policies, subject to continued compliance by the Resulting Company of all the terms and conditions subject to which the benefits under such incentive Schemes were made available to the Demerged Company.

4.5 Since each of the permissions, approval, consents, sanctions, remissions (including remission under income-tax, goods and service tax sales tax, value added tax, turnover tax, excise duty, service tax, customs), special reservations, sales tax remissions, holidays, incentives, concessions and other authorisations relating to the Demerged Undertaking, shall stand transferred under the Scheme to the Resulting Company, the Resulting Company shall file the relevant intimations if any for the record of the statutory authorities who shall take them on file, pursuant to this Scheme coming into effect.

4.6 It is clarified that all the taxes and duties pertaining to the Demerged Undertaking payable by the Demerged Company, from the appointed date onwards including all or as any refund and claims shall, for all purposes, be treated as the tax and are duties, liabilities or refunds and claims of Resulting Company. Accordingly, upon the Scheme becoming effective, the Resulting Company is expressly to file its respective income-tax, income-tax, goods and service tax sales tax, value added tax, turnover tax, excise duty, service tax, customs and any other return to claim refunds/credits, pursuant to the provisions of this Scheme.

4.7 The transfer and vesting of the Demerged Undertaking as aforesaid shall be subject to the existing securities, charges, mortgages and other encumbrances if any, subsisting over or in respect of the property and assets or any part thereof relating to the Demerged Undertaking to the extent such securities, charges, mortgages, encumbrances are created to secure the liabilities forming part of the Demerged Undertaking.

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Post-scheme shareholding pattern of VLL (resulting company):

Category	No. of shares	% paid up capital after demerger
Promoters*	26,72,865	28.99
Public*	65,46,143	71.01
Total	92,19,008	100.00

*The promoters and public shares were inadvertently mentioned as 2691101 (29.19) and 6527907 (70.81) respectively in the approved scheme on 15.05.2019. The same was rectified by the Board of both the demerged and resulting Companies in their respective meetings held on 17.01.2020.

3. COMPLIANCE WITH TAX LAWS

The Scheme has been drawn up to comply with the conditions relating to "demerger" as defined under Section 2(19AA) and other relevant sections of the Income-tax Act, 1961 and accordingly all the Assets and Liabilities pertaining to the demerged undertaking shall be transferred from the demerged company to the resulting company at book values only. If any terms or provisions of the Scheme are found to be or interpreted to be inconsistent with any of the said provisions at a later date whether as a result of any amendment of law or any judicial or executive interpretation or for any other reason whatsoever, the aforesaid provisions of the tax laws shall prevail. The Scheme shall then stand modified to the extent determined necessary to comply with the said provisions. The power to make such amendments shall vest the Board of Directors of Demerged Company, which power can be exercised anytime and shall be exercised in the best interest of the companies and their shareholders.

PART II

TRANSFER AND VESTING OF DEMERGED UNDERTAKING AS A GOING CONCERN

4. TRANSFER AND VESTING

With effect from the Appointed Date, the Demerged Undertaking of the Demerged Company shall, stand transferred to and vested in or deemed to be transferred to and vested in Resulting Company, as a going concern and in the following manner:

4.1 With effect from the Appointed Date and upon sanction of the Scheme by the Tribunal, the whole of Demerged Undertaking and its properties, shall pursuant to the provisions contained in Sections 230 to 232 and all other applicable provisions, if any, of the Act and without any further act, deed, matter or thing, stand transferred to and vested in and/or be deemed to be transferred to and vested in Resulting Company so as to vest in Resulting company all rights, title and interest pertaining to the Demerged Undertaking as follows:

a) All the movable assets pertaining to the Demerged Undertaking, which are

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a) In so far as any securities, charges, hypothecation and mortgages over the assets comprised in the Demerged Undertaking are securities for liabilities of the Remaining Undertaking, the same shall, upon the Scheme becoming Effective, without any further act, instrument or deed be modified to the extent that all such assets shall stand released and discharged from the obligations and security relating to the same and the securities, charges, hypothecation and mortgages shall only extend to and continue to operate against the assets retained by Demerged Company and shall cease to operate against any of the assets transferred to Resulting Company in terms of this Scheme. The absence of any formal amendment which may be required by a lender or third party shall not affect the operation of the above. The provisions of this Clause shall operate notwithstanding anything contained in any instrument, deed, agreement or writing or terms of sanction or issue or any security document, all of which instruments, deeds and writings shall stand modified and/or superseded by the foregoing provision.

b) Provided further that the securities, charges, hypothecation and mortgages (if any subsisting) over and in respect of the assets or any part thereof of Resulting Company and this Scheme shall not operate to enlarge such securities, charges, hypothecation or mortgages and shall not extend or be deemed to extend, to any of the assets of the Demerged Undertaking vested in Resulting Company, provided always that this Scheme shall not operate to enlarge the security of any loan, deposit or facility created by Demerged Company in relation to the Demerged Undertaking which shall vest in Resulting Company by virtue of the vesting of the Demerged Undertaking with Resulting Company and there shall not be any obligation to create any further or additional security therefore after the Scheme has become effective.

c) Provided further that all the loans, advances and other facilities sanctioned to Demerged Company in relation to the Demerged Undertaking by its bankers and financial institutions prior to the Appointed Date, which are partly drawn or utilised shall be deemed to be the loans and advances sanctioned to Resulting Company and the said loans and advances may be drawn and utilised either partly or fully by Demerged Company from the Appointed Date till the Scheme is sanctioned by the Tribunal and all the loans, advances and other facilities so drawn by Demerged Company in relation to the Demerged Undertaking (within the overall limits sanctioned by their bankers and financial institutions) shall upon sanction of the Scheme by the Tribunal be treated as loans, advances and other facilities made available to Resulting Company and all the obligations of Demerged Company in relation to the Demerged Undertaking under the loan agreement shall stand released and discharged and shall become the obligation of Resulting Company without any further act or deed on the part of Resulting Company.

4.8 Without prejudice to the above and upon sanction of the Scheme by the Tribunal, the Demerged Company and the Resulting Company shall execute any instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the Registrar of Companies and other Authorities under the Act to give formal effect to the above provisions, if required.

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capable of being physically transferred including cash on hand, shall be physically handed over by manual delivery or endorsement and delivery, to the end and intent that the ownership and property therein passes to Resulting Company on such handing over in pursuance of the provisions of Sections 230-232 of the Act. Such delivery and transfer shall be made on a date to be mutually agreed upon between the respective Board of Directors or Committees thereof of Demerged Company and Resulting Company within 30 days from the approval of the Scheme by the Tribunal.

b) In respect of other assets other than those referred to sub-clause 4.1.(a) above, pertaining to Demerged Undertaking including actionable claims, sundry debtors, outstanding loans, advances recoverable in cash or kind or for value to be received and deposits with the Government, semi-Government, local and other authorities and bodies and customers, Demerged Company shall, issue notices in such form as Resulting Company may specify stating that pursuant to this Scheme, the relevant debt, loan, advance, deposit or other asset, be paid or made good to, or be held on account of, Resulting Company as the person entitled thereto, to the end and intent that the right of Demerged Company to receive, recover or realize the same, stands transferred to Resulting Company and that appropriate entries should be passed in their respective books to record the aforesaid changes;

c) In respect of such of the assets belonging to the Demerged Undertaking other than those referred to in sub-clauses (a) and (b), the same shall be transferred to and vested in and/or be deemed to be transferred to and vested in Resulting Company from the Appointed Date pursuant to the provisions of Sections 230-232 of the Act.

4.2 With effect from the Appointed Date and upon sanction of the Scheme by the Tribunal, all debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of every kind, nature and description of Demerged Company pertaining to the Demerged Undertaking under the provisions of Sections 230 to 232 and all other applicable provisions, if any, of the Act, and without any further act or deed, be transferred to or be deemed to be transferred to Resulting Company, so as to become from the Appointed Date the debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations of Resulting 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 arrangement by virtue of which such debts, liabilities including accrued interest thereon, contingent liabilities, duties and obligations have arisen in order to give effect to the provisions of this sub-clause.

4.3 With effect from the Appointed Date and upon sanction of the Scheme by the Tribunal, any statutory licenses, permissions or approvals or consents held by Demerged Company required to carry on operations of the Demerged Undertaking shall stand vested in or transferred to Resulting Company without any further act or deed, and shall be appropriately mutated by the statutory authorities concerned therewith in favour of Resulting Company and the benefit of all statutory and Regulated permissions, environmental approvals and consents, registration or other licenses, etc., shall vest in and become available

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4.9 It is expressly provided that, save as mentioned in this scheme, no other term and condition of the liability transferred to the Resulting Company is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

4.10 Subject to necessary consents being obtained in accordance with the terms of this Scheme the provisions of above sub-clauses shall operate notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document.

4.11 It is clarified that if any assets, (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements of other instruments of whatsoever in relation to any of the Demerged Undertaking which Demerged Company owns or to which Demerged Company is a party and which cannot be transferred to Resulting Company or to its successor in business, for any reason whatsoever, Demerged Company shall hold such assets or contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of Resulting Company to which the Demerged Undertaking is being transferred in terms of this scheme, in so far as it is permissible so to do, till such time as the transfer is affected.

4.12 With effect from the appointed date, the general reserve of the demerged Company pertaining to the demerged undertaking shall become the General Reserves of the Resulting Company.

5. REDUCTION IN SHARE CAPITAL OF THE DEMERGED COMPANY TO GIVE EFFECT TO DEMERGER

5.1 As a result of Demerger and resultant transfer of the API Intermediates Division to the resulting Company, the issued, subscribed and paid up share capital of the Demerged Company will no longer be represented by the assets of the Demerged Company consequent to the Demerger of the API Intermediates Division. Accordingly, as an integral part of the scheme, and, upon the coming into effect of the scheme, the issued, subscribed and paid up equity share capital of the Demerged Company shall be reduced by reducing the face value of the equity shares from 1(one) equity share of Rs.10/-each fully paid up to 1 (One) equity share of Rs.4.80/- each fully paid. As a result, the issued, subscribed and paid up share capital of the Demerged Company shall stand reduced from Rs.1,04,00,000 to Rs. 8,13,92,000 comprising of 1,69,40,400 equity shares of Rs.4.80/- each without any further act or deed.

5.2 Simultaneously, 100 (hundred) equity shares each of Rs.4.80/-, shall be consolidated into 48(Forty eight) fully paid up equity share of Rs.10/-each. Due to the reduction in capital of the Demerged Company and the aforesaid consolidation, if a shareholder becomes entitled to a fraction of an equity share of the Demerged Company, the Demerged Company shall not issue fractional share certificates to such member / beneficial owner but shall consolidate such fractions and issue consolidated equity shares to a Committee of the Board to be constituted by the Demerged Company in that behalf, who shall sell such shares and distribute the net sale proceeds(after deduction of expenses

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incurred) to the shareholders / beneficial owners respectively entitled to the same in proportion to their fractional entitlement.

5.3 The reduction in the Share Capital of the Demerged Company shall be effected as an integral part of the scheme in accordance with the provisions of Section 66 and any other applicable provisions of the Act and the Order of NCLT sanctioning the scheme shall be deemed to be also the Order under Section 66 of the Act for the purpose of confirming the reduction. The reduction would not involve either a diminution of liability in respect of the unpaid share capital or payment of paid up share capital, and the provisions of Section 66 of the Act will not be applicable. Notwithstanding the reduction in the equity share capital of the Demerged Company, the Demerged Company shall not be required to add "And reduced" as suffix to its name.

5.4 It is hereby clarified that for the above purpose the consent of the shareholders to the scheme shall be deemed to be sufficient for the purpose of affecting the above amendment and no further resolution under the act, would be required to be separately passed.

Alteration of Authorised Capital of Demerged Company and resulting Company

(i) As a consequence of the reduction of capital of the Demerged Company, the Authorized share capital of the Demerged Company shall be reorganized and shall comprise of 96,00,000 equity shares of Rs. 10/- each aggregating to Rs. 9,60,00,000 and the subscribed, issued and paid up capital shall comprise of 81,31,392 new equity shares of Rs. 10 each aggregating to Rs. 8,13,13,920/-

(ii) The following clauses in the Memorandum and Articles of the Association of the Demerged Company shall stand amended to read as under:

a) Clause V in the Memorandum of Association: "The Authorized Share Capital of the Company is Rs. 9,60,00,000 divided into 96,00,000 equity shares of Rs. 10/-each, subject to the provisions of the Companies Act, 2013 with the rights, privileges and conditions attached there to, as are provided by the Articles of Association of the Company for the time being into several classes and to attach thereto respectively such preferential, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company for the time being and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 2013 or provided by the Association of the Company for the time being"

b) To the extent of reduction in the Demerged Company, the authorized capital of the Demerged Company to the extent of 52% i.e., Rs. 10,40,00,000 shall stand transferred to and merged with the authorized capital of the Resulting Company.

c) "Consequent upon the scheme coming into effect the existing authorized share capital of the Resulting Company of Rs. 41,00,000 divided into 4,10,000 equity shares of Rs. 10/- each is re-organized and shall be Rs. 10,81,00,000 divided

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trading on the stock exchange where the demerged Company shares are already listed and traded subject to necessary approval to be obtained from Regulated authorities and all necessary applications and compliances will be made in this respect by Resulting Company.

6.9 Approval of this Scheme by the shareholders of Resulting Company shall be deemed to be the due compliance of the provisions of Section 62 & 42 of the Act and the other relevant and applicable provisions of the Companies Act, 2013 for the issue and allotment of equity shares by Resulting Company to the equity shareholders of Demerged Company, as provided in this Scheme.

6.10 The equity shares allotted pursuant to the Scheme shall remain frozen in the depositories system till listing/trading permission is given by the designated stock exchange.

6.11 The equity shares to be issued by Resulting Company shall be subject to the Scheme and the Memorandum and Articles of Association of Resulting Company.

6.12 The Resulting Company shall, if and to the extent required to, apply for and obtain any approvals from the concerned Regulated authorities for the issue and allotment by the Resulting Company of new equity shares to the equity shareholders of the Demerged Company.

6.13 Resulting Company shall comply with the relevant and applicable rules and regulations including provisions of Foreign Exchange Management Act, 1999 to enable it to issue shares pursuant to this scheme.

6.14 The shares allotted pursuant to the Scheme shall remain frozen in the depository system till listing/trading permission is given by the designated stock exchange.

6.15 There shall be no change in the shareholding pattern of Vlnest Laboratories Limited between the record date and the listing.

7. ACCOUNTING TREATMENT IN THE BOOKS OF RESULTING COMPANY

Upon sanction of the Scheme by the Tribunal and with effect from the Appointed Date, the Resulting Company shall account for demerger in its books as under:

7.1 All the assets, including but not limited to the fixed assets, intangible and any other assets pertaining to the demerged undertaking, shall be recorded by the Resulting Company at their respective book values.

7.2 All the liabilities pertaining to the Demerged Undertaking shall be recorded by the Resulting Company at their book values.

7.3 In case of any difference in accounting policies between the Demerged Company and the Resulting Company the accounting policies followed by the Resulting Company shall prevail to ensure that the financial statements reflect the financial position on the basis of consistent accounting policies.

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into 1,08,10,000 equity shares of Rs. 10/- each".

The following clauses in the Memorandum and Articles of Association of the Resulting Company shall stand amended to read as under:

Clause V in the Memorandum of Association: "The Authorized Share Capital of the Company is Rs. 10,81,00,000 divided into 1,08,10,000 equity shares of Rs. 10/- each. The Company shall have power from time to time to increase, reduce or alter its Share capital and issue any shares in original or new capital as equity or preference shares"

6. ISSUE OF SHARES BY THE RESULTING COMPANY

6.1 upon sanction of the Scheme by the Tribunal, Resulting Company shall without any further application or deed, issue and allot Shares, credited as fully paid-up, to the extent indicated below to the shareholders of Demerged Company, holding shares in Demerged Company and whose name appear in the Register of Members on the Record Date or to such of their respective heirs, executors, administrators or other legal representatives or other successors in title as may be recognised by the respective Board of Directors in the following proportion:

o 52 Equity share of Rs. 10/- each (fully paid-up) of Resulting Company shall be issued and allotted for every 100 (hundred) Equity Shares of Re. 10/- each (fully paid-up) held by the shareholders in Demerged Company amounting to 88,09,008 equity shares of Rs. 10/- each.

6.2 The 88,09,008 equity shares issued and allotted by the Resulting Company in terms of this Scheme shall rank pari-passu in all respects with the existing equity shares of the Resulting Company.

6.3 No fractional share(s) shall be issued by the Resulting Company in respect of any fractions which the members of the Demerged Company may be entitled to on issue and allotment of the New Equity Shares as aforesaid by the Company. The Board of Directors of the Resulting Company shall instead, consolidate all such fractional entitlements and allot New Equity Shares in lieu thereof to Committees of the Board of the Resulting Company who shall hold the New Equity Shares in trust on behalf of the members entitled to such fractional entitlements with express understanding that such Committee shall sell the same in market at such time(s) (not later than 6 months upon sanction of the Scheme by the Tribunal) at such price(s) and to such person(s) as they may deem fit, and pay to the Resulting Company the net sale proceeds thereof. Thereupon the Resulting Company shall distribute the net sale proceeds, after deduction of applicable taxes/duties/levies, if any, to the members entitled in proportion to their respective fractional entitlements. In case the number of such shares to be allotted to the Director/officer by virtue of consolidation of fractional entitlements is a fraction, one additional equity share will be issued in the Resulting Company to such Director/officer.

6.4 Shares to be issued by Resulting Company pursuant to Clause 6.1 in respect of any equity shares held by shareholder of Demerged Company which are held in

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7.4 Resulting Company shall credit to the Share Capital account in its books of account, the aggregate face value of the shares issued and allotted as per Clause 6.1 of the Scheme to shareholders of Demerged Company.

7.5 The difference being the excess of the Net Assets Value of the Demerged Undertaking transferred to and recorded by Resulting Company as per Clause 7.1 and 7.2 above and the face value of Shares allotted as per Clause 6.1 above, after considering the adjustments mentioned in Clause 7.3 above, shall be credited to General Reserve of Resulting Company. The shortfall, if any, shall be debited to Goodwill account of Resulting Company.

8. ACCOUNTING TREATMENT IN THE BOOKS OF DEMERGED COMPANY

Upon sanction of the Scheme by the Tribunal and with effect from the Appointed Date, the Demerged Company shall account for demerger in its books as under:

8.1 Upon sanction of the Scheme by the Tribunal and from the Appointed Date, Demerged Company shall reduce from its books, the book value of assets and liabilities transferred part of the Demerged Undertaking to Resulting Company, pursuant to the Scheme.

8.2 The difference in the book value of assets and the book value of liabilities transferred pursuant to the Scheme shall be adjusted entirely against the General Reserve Account as provided.

9. CONDUCT OF BUSINESS UNTIL THE EFFECTIVE DATE

9.1 Demerged Company in respect of the Demerged Undertaking, shall carry on and be deemed to have been carrying on the business and activities and shall stand possessed of and hold all of its properties and assets for and on account of and in trust for Resulting Company. Demerged Company hereby undertakes to hold the said assets with utmost prudence until the Scheme is sanctioned by Hon'ble Tribunal.

9.2 With effect from the Appointed Date, all the profits or income accruing or arising to Demerged Company in respect of the Demerged Undertaking or expenditure or losses arising to or incurred by Demerged Company in respect of the Demerged Undertaking, shall for all purposes and intents be treated and be deemed to be and accrue as the profits or incomes or expenditure or losses (as the case may be) of Resulting Company.

9.3 Demerged Company in respect of the Demerged Undertaking shall carry on the business and activities with reasonable diligence, business prudence and shall not without the prior written consent of Resulting Company, alienate, charge, mortgage, encumber or encumber or otherwise deal with or dispose-off the Demerged Undertaking or any part thereof except in respect of activities in the ordinary course of business nor shall it undertake any new businesses within the Demerged Undertaking or a substantial expansion of the Demerged Undertaking.

9.4 Demerged Company shall not vary the terms and conditions of service of the

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abeyance under the provisions of Section 126 of the Companies Act, 2013 or otherwise shall, pending allotment or settlement of dispute by order of Court or otherwise, also be held in abeyance by Resulting Company.

6.5 In so far as the issue of equity shares pursuant to Clause 6.1 is concerned, the same shall be issued and allotted in dematerialized form to those equity shareholders who hold equity shares in Demerged Company in dematerialized form, in to the account with the Depository Participant in which the equity shares of Demerged Company are held or such other account with the Depository Participant as is intimated by the equity shareholders to Resulting Company before the Record Date. All those equity shareholders of Demerged Company who hold equity shares of Demerged Company in physical form shall also have the option to receive the shares, as the case may be, in dematerialized form provided the details of their account with the Depository Participant are intimated in writing to Resulting Company before the Record Date. In the event that Resulting Company has received notice from any equity shareholder of Demerged Company that equity shares are to be issued in physical form or if any member has not provided the requisite details relating to his/her/its account with a Depository Participant or other confirmations as may be required or if the details furnished by any member do not permit electronic credit of the shares of Resulting Company, then Resulting Company shall issue equity shares of Resulting Company, in accordance with the Demerged Company Share Entitlement Ration, as the case may be, in physical form to such equity Shareholder.

6.6 In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of Demerged Company, the Board of Directors or any committee thereof of Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the Record Date, to effectuate such a transfer in Demerged Company if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transfer of the share in Demerged Company and in relation to the shares issued by Resulting Company after the effectiveness of this Scheme. The Board of Directors of Demerged Company and Resulting Company shall be empowered to jointly remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in Resulting Company on account of difficulties faced in the transaction period.

6.7 For the purpose as aforesaid the Resulting Company shall, and to the extent required, transfer its Authorised Capital after this Scheme has been sanctioned by the NCLT but before the issue and allotment of shares. It shall also, if and to the extent required, apply for and obtain the requisite approvals including that of SEBI, Reserve Bank of India and other appropriate authorities concerned for issue and allotment by the Resulting Company to the members of the Demerged Company of the Equity shares in the dematerialized/reorganised share capital of the Resulting Company in the ratio as aforesaid.

6.8 The equity shares already issued by the resulting Company prior to this scheme of arrangement and issued by it, in terms of Clause 6.1 of this Scheme together with the new shares pursuant to this scheme, will be listed and/or admitted to

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employees or conclude settlements with unions or employees, except in the ordinary course of business, and shall be deemed to be in compliance with any pre-existing obligation without the prior written consent of the Board of Directors of Resulting Company.

10. DECLARATION OF DIVIDEND

10.1 For the avoidance of doubt it is hereby clarified that nothing in this Scheme shall prevent Demerged Company from declaring and paying dividends, whether interim or final, to its equity shareholders as on the record date for the purpose of any such dividend.

10.2 Demerged Company shall not utilise the profits or income, if any, relating to the Demerged Undertaking for the purpose of declaring or paying any dividend to its shareholders or for any other purpose in respect of the period falling on and after the Appointed Date, without the prior written consent of the Board of Directors of Resulting Company.

11. LEGAL PROCEEDINGS

11.1 All legal proceedings of whatsoever nature by or against Demerged Company pending and/or arising before the Scheme becomes Effective upon sanction by the Hon'ble Tribunal and relating to the Demerged Undertaking, shall not abate or be discontinued or be in any way prejudicially affected by reason of the Scheme or by anything contained in this Scheme but shall be continued and enforced by or against the Resulting Company, as the case may be, in the same manner and to the same extent as would or might have been continued and enforced by or against Demerged Company.

11.2 After the sanction of the Scheme by the Tribunal, if any proceedings are taken against Demerged Company in respect of the matters referred to in Clause 11.1 above, it shall defend the same at the cost of Resulting Company and Resulting Company shall reimburse and indemnify Demerged Company against all liabilities and obligations incurred by Demerged Company in respect thereof.

11.3 Resulting Company undertakes to have all respective legal or other proceedings initiated by or against Demerged Company referred to in Clause 11.1 or 11.2 above transferred into its name and to have the same continued, prosecuted and enforced by or against Resulting Company as the case may be, to the exclusion of Demerged Company.

12. CONTRACTS, DEEDS, BONDS AND OTHER INSTRUMENTS

12.1 Notwithstanding anything to the contrary contained in the contract, deed, bond, agreement or any other instrument, but subject to the other provisions of this Scheme, all contracts, deeds, bonds, agreements and other instruments, if any, of whatsoever nature and subsisting or having effect upon sanction of the Scheme by the Tribunal and relating to the Demerged Undertaking, shall continue in full force and effect against or in favour of Resulting Company and may be enforced effectively by or against Resulting Company as fully and effectually as if, instead of Demerged Company, Resulting Company had been

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- a party thereto.
- 12.2 The Resulting Company, at any time after sanction of the Scheme by the Tribunal, if so required, under any law or otherwise, enter into, or issue or execute deeds, writings, confirmations, notations, declarations, or other documents with, or in favour of any party to any contract or arrangement to which Demerged Company is a party or any writings as may be necessary to be executed in order to give formal effect to the above provisions. Resulting Company shall, be deemed to be authorised to execute any such writings on behalf of Demerged Company and to carry out or perform all such formalities or compliances required for the purposes referred to above on the part of Demerged Company.
- 12.3 Even after sanction of the Scheme by the Tribunal, the Resulting Company shall, as its own right, be entitled to realise all monies and complete and enforce all pending contracts and transactions pertaining to the Demerged Undertaking, in so far as may be necessary, until the transfer of rights and obligations of the Demerged Company to the Resulting Company under this Scheme is formally accepted by the third parties.
- 13. SAVING OF CONCLUDED TRANSACTIONS**
- The transfer of assets, properties and liabilities above and the continuance of proceedings by or against Resulting Company above shall not affect any transaction or proceedings already concluded in Demerged Company, in relation to the Demerged Undertaking on or after the Appointed Date till the sanction of the Scheme by the Tribunal, to the end and intent that Resulting Company accepts and adopts all acts, deeds and things done and executed by Demerged Company, in relation to the Demerged Undertaking in respect thereto as done and executed on their behalf.
- 14. STAFF, WORKMEN AND EMPLOYEES OF DEMERGED UNDERTAKING**
- 14.1 Upon sanction of the Scheme by the Tribunal, all staff, workmen and employees of Demerged Company engaged in or in relation to the Demerged Undertaking and who are in such employment as on the Date of sanction of the Scheme by the Tribunal shall become the staff, workmen and employees of Resulting Company from Appointed Date or their respective joining date, whichever is later and, subject to the provisions of this Scheme, on terms and conditions not less favourable than those on which they are engaged by Demerged Company and without any interruption of or break in service as a result of the transfer of the Demerged Undertaking.
- 14.2 In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by Demerged Company for the employees related to the Demerged Undertaking (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are preferable to the employees related to the Demerged Undertaking being transferred to Resulting Company, in terms of the Scheme shall be transferred to Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner

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- Exchanges between the date of allotment of Equity shares of the Resulting Company to the Shareholders of Demerged Company on the date of Listing of Equity shares of the Resulting Company to the Stock Exchanges.
- 17.5 The Demerged Company shall also comply with the Directives of SEBI contained in Circular No. CIR/CFD/CMD/16/2015 dated November 30, 2015.
- 18. GENERAL TERMS**
- 18.1 It is clarified that all the taxes paid by the Demerged Company, relating to the demerged undertaking from the appointed date onwards including all or any refunds and claims, for all purposes, be treated as the tax liabilities or refunds and claims on the Resulting Company. Accordingly, upon the Scheme become effective, the Resulting Company is expressly permitted to revise its VAT and Sales tax returns, Excise and/or CENVAT Returns, other tax returns and to claim refunds/credits, pursuant to the provisions of this Scheme, if any.
- 18.2 In accordance with the CENVAT Rules framed under the Central Excise Act, 1944, as are prevalent on the effective date, the unutilised Credits relating to the Excise Duties paid on in puts/capital goods lying to the account of the Demerged Company, if any, shall be permitted to be transferred to the Credit of the Resulting Company, as if all such unutilised credits were lying in the Account of the Resulting Company. The Resulting Company shall accordingly be entitled to setoff all such unutilised credits against the Excise Duty payable by it.
- 18.3 Upon the Scheme coming into effect, all the taxes paid (including TDS) by the Demerged Company from the appointed date, regardless of the period to which they relate, shall be deemed to have been paid for and on behalf of and to the credit of the Resulting Company as effectively as if the Resulting Company had paid the same.
- 19. APPLICATIONS TO NATIONAL COMPANY LAW TRIBUNAL**
- 19.1 Each of the Demerged Company and the Resulting Company shall with all reasonable diligence, make all necessary applications under Section 230 to 232 of the said Act and other applicable provisions of the Act, to the NCLT seeking orders for dispensing with or convening, holding and conducting of the Meetings of the respective classes of members and/or creditors of each of the Demerged Company and the Resulting Company as may be directed by the NCLT.
- 19.2 On the Scheme being agreed to by the requisite majority of the classes of the members and/or creditors of the Demerged Company and the Resulting Company as directed by the NCLT, the Demerged Company and the Resulting Company shall, with all reasonable diligence, apply to the NCLT for sanctioning the composite Scheme of Arrangement under Sections 230 and 232 of the Act, and for such other order or orders, as the said NCLT may deem fit for carrying the Scheme into effect.
- 20. MODIFICATION OR AMENDMENTS TO THE SCHEME**
- 20.1 The Demerged Company and Resulting Company (by their respective Board of

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- provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of Resulting Company, either be continued as separate funds of Resulting Company for the benefit of the employees related to the Demerged Undertaking or be transferred to and merged with other similar funds of Resulting Company. In the event that Resulting Company does not have its own funds in respect of any of the above, Resulting Company may, subject to necessary approvals and permissions, continue to contribute to relevant funds of Demerged Company, until such time that Resulting Company creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees related to the Demerged Undertaking shall be transferred to the funds created by Resulting Company. Subject to the relevant law, rules and regulations applicable to the Funds, the Board of Directors or any committee thereof of Demerged Company and Resulting Company may decide to continue to make the said contributions to the Funds of Demerged Company. It is clarified that the services of the employees of the Demerged Undertaking will be treated as having been continuous and not interrupted for the purpose of the said fund or funds.
- 14.3 Any question that may arise as to whether any employee belongs to or does not belong to the Demerged Undertaking shall be decided by the Board of Directors or Committee thereof of Demerged Company.
- 15. REMAINING UNDERTAKING OF DEMERGED COMPANY**
- 15.1 It is clarified that, the Remaining Undertaking of the Demerged Company shall continue as follows:
- a) The Remaining Undertaking of Demerged Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be managed by Demerged Company;
- b) All legal and other proceedings by or against Demerged Company under any statute, whether pending on the Appointed Date or which may be initiated in future, whether or not in respect of any matter arising before the date of sanctioning the Scheme by the Tribunal and relating to the Remaining Undertaking of Demerged Company (including those relating to any property, right, power, liability, obligation or duty, of Demerged Company in respect of the Remaining Undertaking of Demerged Company) shall be continued and enforced by or against Demerged Company.
- 15.2 With effect from the Appointed Date**
- a) Demerged Company shall be deemed to have been carrying on and to be carrying on all business and activities relating to the Remaining Undertaking of Demerged Company for and on its own behalf;
- b) All profit accruing to Demerged Company thereon or losses arising or incurred by it relating to the Remaining Undertaking of Demerged Company shall, for all purposes, be treated as the profit or losses, as the case may be, of Demerged Company.

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- Directors or any duly authorised Committee thereof) in their full and absolute discretion may assent to any modification(s) or of any conditions or limitations in the Scheme which the NCLT or such other appropriate authority and/or any other authorities may deem fit to direct or impose or which may otherwise be considered necessary or desirable for settling any question or doubt or difficulty that may arise for implementing and/or carrying out the Scheme and do all such acts, deeds and things as may be necessary for putting the Scheme into effect.
- 20.2 The Demerged Company and Resulting Company (by their respective Board of Directors or any duly authorised Committee thereof) in their full and absolute discretion may assent to any modification(s) or amendment(s) in the Scheme which may be considered necessary or desirable for any reason whatsoever and without prejudice to the generality of the foregoing, any modifications to this Scheme involving withdrawal of any of the parties to this Scheme at any time and for any reason whatsoever, the implementation of the Scheme shall not get adversely effected as a result of acceptance of any such modification by the Board of Directors or its Committee thereof of the Demerged Company or by the Board of Directors or by its Committee thereof of the Resulting Company, who are hereby authorised to take such steps and do all acts, deeds and things as may be necessary, desirable or proper to give effect to this Scheme or to resolve any doubt, difficulties or questions whether by reason of any orders of the NCLT or of any directive or orders of any other authorities or otherwise how so ever.
- 20.3 Arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith, the Board of Directors of the Demerged Company hereby expressly authorise the Board of Directors of the Resulting Company for the aforesaid purpose.
- 21. SCHEME CONDITIONAL ON APPROVAL/SANCTIONS**
- This Scheme is and shall be conditional upon and subject to:
- a) The Scheme being approved by the requisite majority of shareholders and creditors of the Demerged Company and the shareholders of the Resulting Company as per the applicable provisions of the Companies Act, 1956 and the Companies Act, 2013
- b) The Scheme being approved by the High Court, whether with any modification(s) or amendment(s) as the NCLT may deem fit or otherwise.
- c) The sanction or approval of all persons or authorities concerned under any law or statute of Central Government, Stock Exchanges or any other agency, department or authorities concerned being obtained and granted in respect of any of the matters in respect of which such sanction or approval is required.
- d) Requisite approvals of RBI being obtained if necessary, under the provisions of FEMA, 1999 for issue of equity shares of the Resulting Company for the non-residential shareholders of the Demerged Company.
- e) The approval of the public shareholders of the Demerged Company through

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- 16. TAX CREDITS**
- 16.1 Resulting Company will be the successors of Demerged Company vis-a-vis the Demerged Undertaking. Hence, it will be deemed that the benefit of any tax credits whether central, state or local, availed vis-a-vis the Demerged Undertaking and the obligations if any for payment of the tax on any assets forming part of the Demerged Undertaking or their erection and/or installation, etc. shall be deemed to have been availed by Resulting Company or as the case may be deemed to be the obligations of Resulting Company. Consequently, and as the Scheme does not contemplate removal of any asset by Resulting Company from the premises in which it is installed, no reversal of any tax credit needs to be made or is required to be made by Demerged Company.
- 16.2 With effect from the Appointed Date and Upon sanction of the Scheme by the Tribunal, all taxes, duties, cess payable/receivable by Demerged Company relating to the Demerged Undertaking including all or any refunds/credit/claims relating thereto shall be treated as the asset/liability or refunds/credit/claims, as the case may be, of Resulting Company.
- 16.3 Demerged Company and Resulting Company are expressly permitted to revise their respective tax returns including tax deducted at source (TDS) certificates / returns and to claim refunds, advance tax credits, excise and service tax credits, set off, etc., on the basis of the accounts of the Demerged Undertaking of Demerged Company as vested with Resulting Company Upon sanction of the Scheme by the Tribunal, and its right to make such revisions in the related tax returns and related certificates as applicable and the right to claim refunds, adjustments, credits, set-offs, advance tax credits pursuant to the sanction of this Scheme and the Scheme becoming effective is expressly reserved.

**PART III
GENERAL TERMS AND CONDITIONS**

- 17. LISTING REGULATIONS AND SEBI COMPLIANCES**
- 17.1 On approval of the Scheme by the NCLT, the Resulting Company shall apply for listing and trading permissions of its Equity Shares in the BSE and NSE and comply with the SEBI Regulations including the Listing Regulations and SCRR in this regard.
- 17.2 The Demerged Company being a Listed Company shall continue to comply with all the requirements under the Listing Agreement/Regulations and all statutory directives of SEBI in so far as they relate sanction and implementation of this Scheme.
- 17.3 The Demerged Company in compliance with Listing Agreement/Regulations shall apply for approval of BSE and NSE where the shares are listed, before approaching the NCLT for sanction of this Scheme.
- 17.4 New equity shares allotted to the Shareholders of the Demerged Company by the Resulting Company pursuant to the Scheme shall remain frozen in the depositories system until listing trading permission is granted by the Stock

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- postal ballot and e-voting after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution, and such resolution shall be acted upon if only the votes cast by the public shareholders in favour of the Scheme are more than the number of votes cast by public shareholders against it. The term "public" shall carry the same meaning as defined under Rule 2 of Securities Contract (Regulation) Rules, 1957.
- f) The certified or authenticated copies of the Orders of the NCLT being filed with the Registrar of Companies of Andhra Pradesh and Telangana, Hyderabad under Sections 230 to 232 and other applicable provisions of the Act, the requisite resolutions under the applicable provisions of the said Act passed by the shareholders of the Resulting Company for any of the matters provided for or relating to the Scheme as may be necessary or desirable.
- 22. EXPENSES CONNECTED WITH THE SCHEME**

All costs, charges and expenses of the Demerged Company and the Resulting Company in relation to or in connection with the Scheme and of carrying out and complete the terms and provisions of the Scheme and/or incidental to the completion of the arrangement between the Demerged Company and the Resulting Company, in pursuance of the Scheme shall be borne by the respective Companies.

S.No.	Name of the License/Permission/ certificates	Department
1	LABOUR LICENSE	NALGONDA
2	INSPECTOR OF FACTORIES	NALGONDA
3	FIRE	CHOUTUPPAL
4	BOILER	NALGONDA
5	ACETIC N HYDRADE	CHENNAI/BANGLORE
6	LIQUID NITROZEN	NAGPUR/ HYDERABAD
7	EXPLOXIVE	NAGPUR/ HYDERABAD
8	ETHANOL	RAMANAPET,NALGONDA
9	METHANOL	RAMANAPET,NALGONDA
10	N-HEXANE	DIST COLLECTOR OFFICE
11	TN POLLUTION CONTROL BOARD	HYDERABAD
12	PANCHAYATH (LAND AND ETC.)	MALKAPUR
13	ELECTRICAL	RAMANAPET,NALGONDA
14	ISO 9001- CERTIFICATE	HYDERABAD
15	PROVIDENT FUND	HYDERABAD
16	ESI	HYDERABAD
17	IEC	HYDERABAD
18	C.EXCISE/SERVICE TAX	HYDERABAD
19	RAMKEY(POLLUTION)	HYDERABAD

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NATIONAL COMPANY LAW TRIBUNAL
HYDERABAD BENCH

CA (CAA) No. 23023010DB/2019

Application filed under Sections 230 to 233 read with Section 66 of the Companies Act, 2013

Ortin Laboratories Limited
D No. 3-4-512/15 (43)ART,
Opp. Barkhura Park, Barkhura,
Hyderabad - 500027,
Telangana.

Applicant/Demerged Company

Vinest Laboratories Limited
Sy. No. 11/A3, Sahib Nagar, Kuda/VIII,
Chinnakona, Edwamma/Nityam,
L.B. Nagar,
Hyderabad - 500074,
Telangana.

Applicant/Resulting Company

Date of Pronouncement of Order: 06.01.2020

Coram:

Shri K. Anantha Padmanabha Swamy, Member-Judicial
Dr. Binod Kumar Sinha, Member-Technical

Parties Present:

For Applicant(s): Mr. Y. Suryanarayana, Advocate.

Per: Dr. Binod Kumar Sinha, Member-Technical

ORDER

- The present Company Applications bearing CA(CAA)No.230/2309HDB/2019 is jointly filed by Ortin Laboratories Limited (Transferor Company) and Vinest Laboratories Limited (Transferee Company), under Section 230 to 233 read with Section 66 of the Companies Act, 2013 (the

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06/01/2020

Act) and the Companies (Compromises, Arrangements and Amalgamation) Rules, 2016 (hereinafter referred to as "the Rules"). The Applicant Companies inter-alia seeking an order to dispose with convening of the meetings of the Secured and Unsecured Creditors of both the Applicant Companies. Further, dispose with convening the meeting of the Equity Shareholders of the Resulting Company. It is also prayed to direct to convene the meetings of the Equity Shareholders and Sundry Creditors of the Demerged Company for consideration of the Scheme of Arrangement ("the Scheme") between Applicant Companies and their respective shareholders and creditors as envisaged under the said Scheme.

- The Registered Office of the Applicant Companies are situated in the State of Telangana and therefore within the jurisdiction of this Tribunal.

- Brief facts leading to the filing of present case are as follows:

I. In respect of Demerged Company:

The Authorized Share Capital of the Demerged Company as on 31.03.2019 was Rs.20,00,00,000/- (Rupees Twenty Crores) divided into 2,00,00,000 equity shares of Rs.10/- each. The issued, subscribed and paid-up Share Capital is Rs.16,94,04,000/- (Rupees Sixteen Crores Ninety Four Lakhs and Four Thousand) divided into 1,69,40,400 equity shares of Rs.10/- each. The main objects of the Company are to carry on business of manufacture, process, import, export, turn sell or otherwise deal in all types of chemicals such as Heavy, Fine, Industrial, Pharmaceutical, Organic, Inorganic and Aromatic chemicals etc.

II. In respect of Resulting Company:

The Authorized Share Capital of the Resulting Company as on 31.03.2019 was Rs.41,00,000/- (Rupees Forty Lakhs) divided into 4,10,000 equity



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shares of Rs.10/- each. The issued, subscribed and paid-up Share Capital is Rs.41,00,000/- (Rupees Forty Lakhs) divided into 4,10,000 equity shares of Rs.10/- each. The main objects of the Company are to carry on business as dealers, manufacturers, exporters, importers, contractors, agents, distributors of Drugs, Bulk Drugs, Pesticides, Dyestuffs and other intermediaries and Pharmaceuticals of every description and application with indigenous and/or imported technology, pharmaceutical formulations like liquids, capsules, tablets, powders, mixtures, antibiotics enzymes and fluids of every description, all intermediates and byproducts of any of the above, surgical and health aids of varied nature like syringes, gloves, surgical & sanitary towels, napkins, plasma based cosmetics, etc.

- According to the Applicant Companies the Demerged Company is engaged in two distinct lines of business namely Formulations Division and API Intermediates division. The Formulations division is being operated through the Unit I located at Medak District, Telangana. Whereas, API Intermediates division is being operated through Unit II located from Nalgonda District. With an objective of achieving operational efficiencies and streamlining its business structure, the Demerged Company proposed to demerge the API Intermediates division currently operating through the Unit II to the Resulting Company and the Demerged Company shall continue to carry on the formulations Division Business. The main benefits of the Scheme are as under-

- It will enable both the divisions of the Demerged Company to run and operate independently and in a more cohesive manner so as to run more profitably and attract potential collaborators for the future growth and development of business by both the Applicant Companies.



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- It will provide greater flexibility and visibility on the operational and financial performance of both the divisions and would provide higher degree of independence as well as accountability.
- It will unlock the economic value of both the companies.

- It is further stated that the Board of Directors of the Applicant Companies in their respective Board Meetings held on 14.08.2019 approved the Scheme subject to the approval of their members and Hon'ble NCLT, Hyderabad Bench.

- It is stated that there are no proceedings pending under Sections 210 to 227 of the Companies Act, 2013 against the Applicant Companies.

- The Demerged Company has filed certificate of Practicing Company Secretary (refer Page No.4 of Memo filed on 27.11.2019) stating that as on 30.06.2019 there are six thousand four hundred and fifty seven (6457) Equity Shareholders holding 1,69,40,400 shares in the Demerged Company.

The Demerged Company has filed certificate of Statutory Auditor (refer page No.196 and 197 of the Petition) stating that as on 30.06.2019 there are three (4) Secured Creditors together having debt of Rs.18,24,35,475/-, Out of which one (1) Secured Creditor (i.e. Karnataka Bank Limited) having a debt of Rs.17,06,01,235/- constituting 93.51% of total Secured Creditors has given its consent in the proposed Scheme (refer page No.207 of the petition).

- The Demerged Company has filed certificate of Statutory Auditor (refer page No.198 of the Petition) stating that as on 31.08.2019 there are thirty six



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- (36) Unsecured Creditors together having debt of Rs.2,96,47,890/-, Out of which Thirty Four (34) Unsecured Creditor together having a debt of Rs.2,81,91,854/- constituting 95.09% of total Unsecured Creditors have given their consent to the proposed Scheme (refer page No.208 to 241 of the Petition).

- The Demerged Company has filed certificate of Statutory Auditor (refer Page No.199 to 206 of the petition) stating that as on 31.08.2019 there are three hundred and fourteen (314) Sundry Creditors together having debt of Rs.50,33,11,165/-.

- The Demerged Company has filed certificate of Statutory Auditor (refer page No.184 of the petition) stating that as on 30.06.2019 there are eleven (11) Equity Shareholders in the Resulting Company and they have given their consent to the proposed Scheme (refer page Nos.185-195 of the petition).

The Resulting Company has filed certificate of Statutory Auditor (refer No.243 of the petition) stating that as on 30.06.2019 there are no Secured Creditors and Unsecured Creditors in the Resulting Company.

- Heard the submissions made in this regard by the Counsel for the Applicant Companies and perused the documents filed therewith.

- It is noted that all the equity shareholders of the Resulting Company have given consent affidavits agreeing to the proposed Scheme and hence no need to direct the Resulting Company to hold meeting of Equity Shareholders and the same dispensed with.



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- It is noted that 93.51% of the Secured Creditors of the Demerged Company have given their consent to the Scheme and hence no need to direct the Demerged Company to hold meeting of Secured Creditors and the same dispensed with.

- It is noted that 95.09% of the Unsecured Creditors of the Demerged Company have given their consent to the Scheme and hence no need to direct the Demerged Company to hold meeting of Unsecured Creditors and the same dispensed with.

- It is noted that there are no Secured and Unsecured Creditors in the Resulting Company and hence no need to direct the Resulting Company to hold meetings of the Secured and Unsecured Creditors.

With regard to the Equity Share Holders and Sundry Creditors of the Demerged Company, this Tribunal passes the following order:-

A meeting of the Sundry Creditors of the Demerged Company shall be held on 26.02.2020 at 10.30 AM at Hotel Minerva Banquets, 8-113/A/1, Kothapet, Hyderabad - 500035, Telangana for the purpose of considering and if, thought fit, approving with or without modification(s) the arrangement embodied in the Scheme.

- Shri B. V. Ram Naresh Kumar, Advocate (Mobile No. 9391309770 & 8142209772) shall be the Chairman of the meeting of Sundry Creditors and in respect of any adjournment thereof.

- Ms. D. Poojitha, Advocate (Mobile No. 9908481168) is appointed as the Scrutinizer for the aforesaid meeting and in respect of any adjournment thereof.



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- d) A meeting of the Equity Shareholders of the Demerged Company shall be held on 26.02.2020 at 11.00 AM Hotel Minerva Baiquets, 8-113/A/1, Kothapati, Hyderabad - 500035, Telangana for the purpose of considering and if, thought fit, approving with or without modification(s) the arrangement embodied in the Scheme.
- e) Shri Amir Ali Bavani, Advocate (Mobile No. 9949216962) shall be the Chairman for the meeting of Equity Shareholders and in respect of any adjournment thereof.
- f) Ms. Vanalakshmi, PCS (Mobile No.9000987444) is appointed as the Scrutinizer for the aforesaid meeting in respect of any adjournment thereof.
- g) The remuneration of Chairman is fixed at Rs.1,00,000/- (Rupees One Lakh only) for each meeting and remuneration of the scrutinizer is fixed at Rs.75,000/- (Rupees Seventy Five Thousand only) for each meeting.
- h) At least one month before 26.02.2020 i.e. the date of the aforesaid meetings, an advertisement about convening of the said meetings, indicating the day, date, place and time, as aforesaid, shall be published in Business Standard (in English) and in Nava Telangana (in Telugu). The publication shall indicate the time within which copies of scheme shall be made available to the concerned persons free of charge from the registered office of the Resulting Company. The publication shall also indicate that the statement required to be furnished pursuant to Section 102 of the Act read with Sections 230 to 232 of the Act and the prescribed form of proxy can be obtained free of charge at the registered office of the Resulting Company or at the office of its Counsel i.e. Mr. Y. Suryanarayana, Advocate, Flat No.106, Nirmal Towers 200, Near Sai Baba Temple, Dwarakapuri Colony, Punjagutta,



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Hyderabad - 500 082 in accordance with second proviso to sub-section (3) of Section 230 and Rule 7 of the Companies (CAA) Rules, 2016.

- i) The Chairman appointed for the aforesaid meetings shall issue the advertisements and send out the notices of the meeting referred to above. The Chairman is free to avail the services of the Resulting Company or any agency for carrying out the aforesaid directions. The Chairman shall have all the powers under the Articles of Association of the Resulting Company and also under the Rules in relation to the conduct of the meeting, including for deciding any procedural questions that may arise at the meeting or adjournment(s) to the aforesaid scheme or resolution, if any, proposed at the aforesaid meeting by any person(s) and to ascertain the decision of the sense of the meeting by ballot/polling paper at the venue of the meeting.
 - j) The quorum for the meeting shall be as per Provisions of Section 103 of the Companies Act, 2013.
- Voting by proxy/authorized representatives is permitted provided that the proxy in the prescribed form/authorization duly signed by the person entitled to attend and vote at the aforesaid meeting is filed with the Resulting Company at the Registered Office i.e. Sy.No.11/A3, Sahab Nagar, Kundu Vili, Chitralkunta, Eshwaramma Nilayam, L.B. Nagar, Hyderabad - 500 074, not later than 48 hours before the meetings vide Rule 10 of the Companies (CAA) Rules, 2016 read with Section 105 of the Act.
- k) The Chairman to file an Affidavit not less than 7 (seven) days before the date fixed for the holding of the meetings and to report to this Tribunal that the directions regarding issuance of notices and



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advertisement of the meeting have been duly complied with as per Rule 12 of the Companies (CAA) Rules, 2016.

- m) It is further ordered that the Chairman shall report to this Tribunal on the result of the meeting in Form No. CAA-4, duly verified by his affidavit, as per Rule 14 of the Companies (CAA) Rules, 2016 within seven working days.
 - n) In compliance of sub section(5) of Section 230 of the Act and Rule 8 of the Companies (CAA) Rules, 2016, all the applicant companies shall send notice under sub section (3) of Section 230 read with Rule 6 of the Rules with a copy of the Scheme, the explanatory statement and the disclosures mentioned in Rule 6 to (a) the Central Government through the Regional Director, South Eastern Region; (b) the Registrar of Companies, Telangana; (c) the Income Tax Authorities; (d) the Official Liquidator; and (e) SEBI. The said notices be sent either by Registered Post or by Speed Post or by Hand Delivery at the Offices of the authorities as required by sub rule (2) of Rule 8 of the Rules. The aforesaid authorities, who desire to make any representation under sub section (5) of section 230 shall send the same to this Tribunal within a period of 30 (thirty) days from the date of receipt of such notice, failing which it shall be deemed that they have no representation to make on the proposed Scheme.
20. The Company Application i.e. CA(CAA)No.230230HDB/2019 is disposed of accordingly.



DR. BINOD KUMAR SENHA
MEMBER (TECHNICAL)

K. ANANTHA PADMANABHA SWAMY
MEMBER (JUDICIAL)

DR. BINOD KUMAR SENHA
MEMBER (TECHNICAL)

K. ANANTHA PADMANABHA SWAMY
MEMBER (JUDICIAL)



REPORT APPROVED BY THE BOARD OF DIRECTORS OF ORTIN LABORATORIES LIMITED WORKING UNDER THE ARRANGEMENT OF AMERGENCY, AT ITS MEETING HELD ON WEDNESDAY, 14.08.2019 AT 08:00 P.M. AT TELANGANA

MEMBERS PRESENT:

- 1. Mr. Ishwarbhai Chitambarwarga Patil - Chairman
- 2. Mr. Anand Mohan Murthy Sanka - Managing Director
- 3. Mr. G. Srinivas Reddy - Joint Managing Director
- 4. Mr. Anand Mohan Murthy Sanka - Whole-time Director
- 5. Mr. Srinivas Kumar Sanka - Whole-time Director
- 6. Mr. Subrahmanya Raju M. Gopalingam - Whole-time Director
- 7. Mr. Raju Venkatesh Reddy - Director
- 8. Mr. Ganesh Prasad Naidu - Director
- 9. Mr. Srinivas Reddy - Director
- 10. Mr. Gopal Reddy - Director
- 11. Mr. Theerth Kumar Sankar - Director

IN ATTENDANCE:

Mr. Shankar S. Khatke - Company Secretary & Compliance Officer

BACKGROUND:

- 1. A Scheme of Arrangement between Ortin Laboratories Limited (Demerged Company) and Vest Laboratories Limited (Resulting Company) and their respective Shareholders and Creditors ("Scheme") was approved by the Board of Directors of the Demerged Company and the Board of Directors of the Resulting Company on 12.08.2019, for the purpose of Dividing of APH International Division of the Demerged Company/Vest Laboratories Limited (Resulting Company) a going concern basis with effect from 01.04.2020 (First Day of April, Two Thousand and Seventeen) 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 observations made by SEBI and MCA 21 in their letter dated 20.06.2019 by sending a resolution in the Board Meeting held on 18.08.2019 (Second necessary correction) modifications have been carried out at appropriate places in the Scheme.

- 3. This report is being adopted pursuant to the requirement of section 232(5)(c) of the Companies Act, 2013, for providing to the equity shareholders of the Company. This report explains the effect of the Scheme of Arrangement on equity shareholders, key managerial personnel, promoters and non-promoter shareholders paying out in particular the share exchange ratio.
 - 4. The Scheme of Arrangement between Ortin Laboratories Limited (Demerged Company) and Vest Laboratories Limited (Resulting Company) and their respective Shareholders and Creditors ("Scheme") was approved by the Board of Directors of the Company taking into consideration the rationale, the Valuation Report dated 13.08.2019 issued by Mr. M. Maheshwara Reddy, Registered Valuer and the Finance Opinion Certificate dated 20.08.2019, issued by Grant Thornton Private Limited, SEB Registered Category I Merchant Auditor, on the Share Exchange Ratio recommended by the Registered Valuer, Mr. M. Maheshwara Reddy, Registered Valuer, stating that the Share Exchange Ratio is fair.
 - 5. The Share Exchange Ratio as recommended by the Valuer is as follows:
- Demerged Company (Ortin Laboratories Limited):**
48 Equity shares of Rs. 10/- each (fully paid-up) of Demerged Company shall be issued in lieu of 100 Equity shares of Rs. 10/- each held by shareholders in Demerged Company pursuant to reduction and consolidation of the shares of the Demerged Company.
- Resulting Company (Vest Laboratories Limited):**
52 Equity shares of Rs. 10/- each (fully paid-up) of Resulting Company shall be issued and allotted for every 100 (hundred) Equity Shares of Rs. 10/- each fully paid up held by the shareholders in Demerged Company amounting to 88,09,098 equity shares of Rs. 10/- each.
- RESULT:**
- 1. There is no inter-company shareholding.
 - 2. Upon sanction of this Scheme by the Hon'ble Tribunal and other appropriate authorities, and on transfer of the APH International Division to the resulting Company, the issued, subscribed and paid up share capital of the Demerged Company shall be reduced by reducing the face value of the equity



- shares from 10000 equity shares of Rs.10/- each fully paid up to 1 (one) equity share of Rs.4.80/- each fully paid. As a result, the issued, subscribed and paid up share capital of the Demerged Company shall stand reduced from Rs. 10,00,00,000 to Rs. 4,80,00,000 comprising of 4,80,00,000 equity shares of Rs.4.80/- each without any further act or deed.
- Simultaneously, 100 (hundred) equity shares each of Rs.10/-, shall be consolidated into 48 (forty eight) fully paid up equity shares of Rs.10/- each. Due to the reduction in capital of the Demerged Company and the aforesaid consolidation, if a shareholder possesses notified to a fraction of an equity share of the Demerged Company, the Demerged Company shall not issue fractional share certificates to such member / beneficial owner but shall consolidate such fraction and issue consolidated equity shares to a Committee of the Board to be constituted by the Demerged Company in that behalf, who shall sell such shares and distribute the net sale proceeds after deduction of expenses incurred to the shareholders / beneficial owners respectively entitled to the same in proportion to their fractional entitlement.
- 3. As a consequence of the reduction of capital of the Demerged Company, the Authorized share capital of the Demerged company shall be recognized and shall comprise of 30,00,000 equity shares of Rs. 10/- each aggregating to Rs. 3,00,00,000 and the subscribed, issued and paid up capital shall comprise of Rs. 3,13,132 one equity share of Rs. 10 each aggregating to Rs. 3,13,13,200.
- 4. As far as the Shareholders of the Company are concerned / Promoter Shareholders as well as Non-Promoter Shareholders, pursuant to the scheme of arrangement the following shall be the scenario: Group-I headed by Mr. S. Murad Krishna Murthy and its family members will continue as promoters of OLT (Demerged Company) and the other Group - headed by Mr. G. Venkateshwar and his family members and associated will become the promoters of Vest Laboratories Limited (VLL), resulting company which continues as shareholders in the public category of OLT. The scheme is designed in such a way that there will not be any common promoters to both the companies. Both the groups independently will handle the management of both the companies as separate set of promoters.
- a) Group-I headed by Mr. S. Murad Krishna Murthy and his family members will continue to remain the promoters of Ortin Laboratories Limited other demerged (Demerged Company).



12) Group headed by Mr. G. Venkateshwar and his family members and associates will act as promoters from M/s Ortin Laboratories Limited and become the promoters of M/s. Vineet Laboratories Limited (resulting company).

13) This, in the Post demerger, Group I (the promoters of demerged company) will continue as public shareholders in the resulting Company and the Group II (the promoters of Resulting Company) will continue as public shareholders in the demerged company. As a result there will be a bifurcation in the shareholding of the promoters to that effect.

The public shareholders will not have any adverse impact pursuant to the Scheme of Arrangement. A shareholder, prior to the demerger who is holding 300 shares of Rs. 10/- each in Ortin Laboratories Limited (demerged company) will hold post demerger across holding 48 equity shares of Rs. 10 each in Ortin Laboratories Limited and 52 equity shares of Rs. 10/- each in Vineet Laboratories Limited (resulting company).

14) Pursuant to the Scheme, all the shareholders of the Demerged Company will get shares of the Resulting Company and there will be no change in economic interest of any of the shareholders of the Demerged Company as per IPO Scheme.

15) None of the directors, the "Key Managerial Personnel" (as defined under the Act) and rules framed thereunder) of the Demerged Company, where applicable and the Resulting Company and their respective "Relative" (as defined under the Act and rules framed thereunder) have any material interests, financial or otherwise in the Scheme, except to the extent of their respective shareholding in the Demerged Company or Resulting Company and/or to the extent, the said directors are common directors of the Demerged Company or Resulting Company. The "Key Managerial Personnel" (those who are in charge of their respective undertakings in the demerged company will continue to serve in their respective undertakings in the post scheme of demerger.

For Ortin Laboratories Limited

S. Maral Krishna Murthy
Managing Director

Mysore Hyderabad
Date: 14.08.2019

4. The Scheme of Arrangement between Ortin Laboratories Limited (Demerged Company) and Vineet Laboratories Limited (Resulting Company) and their respective Shareholders and Creditors ("Scheme"), was approved by the Board of Directors of the Company taking in to consideration the valuation, the Valuation Report dated 13.04.2019 issued by Mr. M. Madhusudhan Reddy, Registered Valuer and the Fairness Opinion Certificate dated 26.04.2019, issued by GuVestance Emergence Private Limited, SEB (Registered Category) Merchant Banker, in the Share Exchange Ratio recommended by the Registered Valuer, Mr. M. Madhusudhan Reddy, Registered Valuer, outlining the Share Exchange Ratio is as follows:

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

Demerged Company (Ortin Laboratories Limited)

48 Equity shares of Rs. 10/- each (fully paid-up) of Demerged Company shall be issued in lieu of 300 Equity shares of Rs. 10/- each held by shareholders in Demerged Company pursuant to valuation and consideration of the shares of the Demerged Company.

Resulting Company (Vineet Laboratories Limited)

52 Equity Shares of Rs. 10/- each (fully paid-up) of Resulting Company shall be issued and allotted for every 100 (hundred) Equity Shares of Rs. 10/- each (fully paid-up) held by the shareholders in Demerged Company amounting to 86,08,000 equity shares of Rs. 10/- each.

NOTES:

1. There is no inter-company shareholding.

2. Upon sanction of this Scheme by the Hon'ble Tribunal and other appropriate authorities and on transfer of the APN Intermediates Division to the resulting Company, the issued, subscribed and paid up share capital of the Resulting Company shall be increased by issuing and allotting 52 equity shares of Rs. 10/- each (fully paid-up) of Resulting Company for every 100 (hundred) Equity Shares of Rs. 10/- each (fully paid-up) held by the shareholders in Demerged Company amounting to 86,08,000 equity shares of Rs. 10/- each. As a result, the issued, subscribed and paid up share capital of the Resulting Company shall increase from Rs. 41,00,000 to Rs. 93,32,000 comprising of 93,32,000 equity shares of Rs. 10/- each without any further act or deed.



REGD. OFFICE
H No. 2-5-183, Madhavani Nagar,
Dist. Vikara, Thrane,
Chirakurta, L. B. Nagar
Hyderabad - 500074

REPORT ACCEPTED BY THE BOARD OF DIRECTORS OF VINEET LABORATORIES LIMITED BEARING CNR U2407025365363888 AT ITS MEETING HELD ON WEDNESDAY, 14.08.2019 AT 4.00 P.M. AT REGISTERED OFFICE OF THE COMPANY AT 5/A NO. 12/A, SAHED NAGAR, KURDU YILL, ONTINA KUSTA, EDIMARASAMA BILASARI, LB NAGAR HYDERABAD - 500074, TELANGANA.

DIRECTORS PRESENT:

- 1. Mr. Gaddam Venkata Ramana Director
- 2. Mr. Subhanshu Raja Bhargava Director
- 3. Mr. Kankala Murali Mohan Director

BACKGROUND:

1. A Scheme of Arrangement between Ortin Laboratories Limited (Demerged Company) and Vineet Laboratories Limited (Resulting Company) and their respective Shareholders and Creditors ("Scheme"), was approved by the Board of Directors of the Demerged Company and the Board of Directors of the Resulting Company on 13.05.2019, for the purpose of Demerger of APN Intermediates Division of the Demerged Company into Vineet Laboratories Limited (Resulting Company) on a going concern basis with effect from 01.04.2019 (First Day of APN Two Thousand and Seventy) (hereinafter referred to as the "Scheme").
2. The Board of Directors of the Company took note of the modifications made to the Scheme in view of its Observation made by SEI and NCI vide their letters dated 20.06.2019 by passing a resolution in the Board meeting held on 14.08.2019 and accordingly necessary corrective modifications have been carried out at appropriate places in the Scheme.
3. This report is being adopted pursuant to the requirement of section 232(1)(c) of the Companies Act, 2013, for circulating to the equity shareholders of the company. This report explains the effect of the Scheme of Arrangement on equity shareholders, key managerial personnel, promoters and non-promoter shareholders buying out in particular the share exchange ratio.

Factory : Sy. No. 302, Malkajgiri (V), Chintalapudi (M), Tadipatri Dist., Telangana, INDIA.
E-Mail : vineetlab@vsnl.com

As far as the Present Shareholders of the Company are concerned (Promoter Shareholders as well as Non-Promoter Shareholders), pursuant to the scheme of arrangement there will be a change in the holding of the Promoter Shareholders and non-promoter shareholders which is given below:

The pre demerger shareholding pattern of M/s Vineet Laboratories Limited is given below:

Category	No. of shares	% pre-demerger paid up capital
Promoters	4,10,000	100
Public	0	0
Total	4,10,000	100

The post demerger shareholding pattern of M/s Vineet Laboratories Limited is given below:

Category	No. of shares	% paid up capital after demerger
Promoters	26,01,001	29.38
Public	65,27,007	70.61
Total	91,28,008	100.00

3. None of the directors, the "Key Managerial Personnel" (as defined under the Act and rules framed thereunder) of the Demerged Company, where applicable and the Resulting Company and their respective "Relative" (as defined under the Act and rules framed thereunder) have any material interests, financial or otherwise in the Scheme, except to the extent of their respective shareholding in the Demerged Company or Resulting Company and/or to the extent, the said directors are common directors of the Demerged Company or Resulting Company. The "Key Managerial Personnel" (those who are in charge of their respective undertakings in the demerged company will continue to serve in their respective undertakings in the post scheme of demerger.

For Vineet Laboratories Limited

Gaddam Venkata Ramana
Director

Mysore Hyderabad
Date: 14.08.2019

5. Simultaneously, Rs.10,48,00,000 will be transferred from the authorized share capital of the demerged Company to the authorized share capital of the resulting Company pursuant to the Scheme of Arrangement. As a result, the authorized share capital of the Resulting Company will be increased from Rs. 41,00,000 to Rs. 51,48,00,000 (Rupees 51,48,00,000) (Rupees 51,48,00,000) (Rupees 51,48,00,000).

6. Pursuant to the scheme of arrangement, the following will be the scenario:

Group I headed by Mr. S. Maral Krishna Murthy and his family members in the demerged company will continue as promoters of OLL (demerged company) and (the other Group I Group - headed by Mr. G. Venkateshwar and his family members and associates) will become the promoters of Vineet Laboratories Limited (OLL - resulting company) while continuing as shareholders in the public category of OLL. The scheme is designed in such a way that there will not be any common promoters in both the companies. Both the groups respectively will handle the management of both the companies as separate set of promoters.

4) Group headed by Mr. S. Maral Krishna Murthy and his family members will continue to occupy the promoter of Ortin Laboratories Limited after demerger (demerged company).

5) Group of Demerged Company headed by Mr. G. Venkateshwar and his family members and associates will act as promoters from M/s Ortin Laboratories Limited and become the promoters of M/s. Vineet Laboratories Limited (resulting company).

6) This, in the Post demerger, Group I (the promoters of demerged company) will continue as public shareholders in the resulting company and the Group II (the promoters of Resulting Company) will continue as public shareholders in the demerged company.

The public shareholders will not have any adverse impact pursuant to the Scheme of Arrangement. A shareholder, prior to the demerger who is holding 300 shares of Rs. 10/- each in Ortin Laboratories Limited (demerged company) will hold post demerger across holding 48 equity shares of Rs. 10 each in Ortin Laboratories Limited and 52 equity shares of Rs. 10/- each in Vineet Laboratories Limited (resulting company).



INDEPENDENT AUDITORS' REPORT

To The Members of
M/s. Ortin Laboratories Limited,
Hyderabad

Report on the IND AS Financial Statements

Opinion

1. We have audited the accompanying financial statements of Ortin Laboratories Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, the statement of Profit and Loss (including Other Comprehensive Income), statement of changes in equity and statement of cash flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and the profit and Total Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
"We have determined that there are no key audit matters to communicate in our report."



Management's Responsibility for the Standalone Financial Statements

5. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013, with respect to the preparation of these financial statements that give a true and fair view of the financial position and financial performance, including other Comprehensive Income, statement of changes in equity, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

6. In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

7. The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

8. Our objective is to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



15. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Sathuluri & Co.,
Chartered Accountants
Firm Regn No: 006393S

(S.S. Prakash)
Proprietor
Membership No. 202710

Place : Hyderabad
Date : 30-05-2019



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

10. Materiality is the magnitude of misstatements in the Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work, and (ii) to evaluate the effect of any identified misstatements in the financial statements.

11. We also communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



ANNEXURE-A TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its Fixed Assets:
 - a. The company has maintained proper records showing full particulars, including quantitative details and situations of Fixed Assets.
 - b. As per the information and explanation given to us, the Fixed Assets of the company have been physically verified by the management according to the phased programme, which is designed to cover all the Fixed Assets, at reasonable intervals and the said programme is considered reasonable, and no material discrepancies were noticed on such verification.
 - c. According to the information and explanations given to us, and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the company.
- (ii) In respect of its Inventories:
 - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - b. In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
 - c. The company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- (iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013.
- (iv) According to information given to us, the company has not given any loans, has not done any investment, not given any guarantees and provided securities which are covered u/s 185 and 186 of the companies Act, 2013. Hence this clause is not applicable.
- (v) According to the information and explanation given to us, the company has not accepted deposits within the meaning of the provisions of sections 73 to 76 of the Companies Act. and the rules framed there under, therefore the provisions of this clause is not applicable to the Company.
- (vi) As informed to us, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act.
- (vii) (a) The company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax (GST), cess and any other statutory dues with the appropriate authorities.



Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (1) of section 143 of the Act, we give in the Annexure-A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

14. As required by Section 143(3) of the Act, based on our audit we report that

- a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d. In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified, as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations as on 31.03.2019 on its financial position in its Ind AS financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company has neither entered any derivative contract during the year under audit nor have any outstanding derivative contract at the end of the year.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



(b) According to the information and explanation given to us, there are no dues payable on account of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax Goods and Service Tax (GST), or cess pertaining to any dispute with the relevant authorities other than those mentioned in the notes to accounts.

- (vii) According to the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank, Government or dues to debenture holders.
- (ix) According to the information and explanation to us, the company has no moneys raised by way of public offers (including debt instruments) no has the company taken any term loan.
- (x) Based on the audit procedures applied and according to the information and explanation given to us, we report that no fraud on or by the company has been noticed or reported during the year under audit.
- (xi) The Managerial Remuneration is paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- (xii) The company is not a Nidhi Company.
- (xiii) According to information given to us all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.
- (xv) The company has not entered into any non-cash transactions with directors or persons connected with them.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Sathuluri & Co.,
Chartered Accountants
Firm Regn No: 006393S

(S.S. Prakash)
Proprietor
Membership No. 202710

Place : Hyderabad
Date : 30-05-2019



- i) Depreciation and amortization**
Depreciation and amortization is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets.
- ii) Employee Benefits**
The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) includes the discount rate, wage escalation and employee attrition. The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.
- iii) Provision and contingencies**
Provisions and contingencies are based on the Management's best estimate of the liabilities based on the facts known at the balance sheet date.
- iv) Fair valuation**
Fair value is the market based measurement of observable market transaction or available market information.
- D. Functional and presentation currency**
These financial statements are presented in Indian rupees, which is also the functional currency of the Company. All financial information presented in Indian rupees has been rounded to the nearest lakhs.
- E. Current and noncurrent classification**
All the assets and liabilities have been classified as current or noncurrent as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1. Presentation of financial statements:
Assets: An asset is classified as current when it satisfies any of the following criteria:
 - It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
 - It is held primarily for the purpose of being traded;
 - It is expected to be realized within twelve months after the reporting date; or
 - It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Liabilities: A liability is classified as current when it satisfies any of the following criteria:
 - It is expected to be settled in the Company's normal operating cycle;
 - It is held primarily for the purpose of being traded;
 - It is due to be settled within twelve months after the reporting date; or



- Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other noncurrent assets. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.
- The Company assesses at each balance sheet date, whether there is objective evidence that an asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Recoverable amount is higher of the value in use or fair value less cost to sell.
- 2) Financial Instruments**
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
- Financial assets**
Initial recognition and measurement
All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.
- Subsequent measurement**
Debt instrument at FVTPL
Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss. The Company has not designated any debt instrument as at FVTPL.
- Investment in equity instruments**
All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.
- If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.



- The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
- Current assets/ liabilities include the current portion of noncurrent assets/ liabilities respectively. All other assets/ liabilities are classified as noncurrent. Deferred tax assets and liabilities are always disclosed as non-current.
- F. Foreign Currency Transaction**
Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the statement of profit and loss in the period in which they arise. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction, if any. Significant Accounting Policies
- 1) Property Plant & Equipment**
Recognition and measurement
Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment loss, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset i.e., freight, duties and taxes applicable and other expenses related to acquisition and installation. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.
- Directly attributable costs include:**
a. Cost of Employee Benefits arising directly from Construction or acquisition of PPE.
b. Cost of Site Preparation.
c. Initial Delivery & Handling costs.
d. Professional Fees and
a. Costs of testing whether the asset is functioning properly, after deducting the net proceeds from selling any items produced while bringing the asset to that location and condition (such as samples produced when testing equipment).
When parts of an item of property, plant and equipment have different useful lives, they



- Equity instruments i.e., investments in equity shares within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.
- Derogation**
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's balance sheet) when:
 - The rights to receive cash flows from the asset have expired, or
 - The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.
When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
- Impairment of trade receivables**
In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18. Expected credit loss model takes into consideration the present value of all the cash shortfalls over the expected life of a financial instrument. In simple terms, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate. The Standard presumes that entities would suffer credit loss even if the entity expects to be paid in full but later than when contractually due. In other words, it simply focuses on DELAYS in collection of receivables. For the purpose of identifying the days of delay, the Company took into consideration the weighted average number of delays taking into consideration the date of billing, the credit period and the collection days.



- are accounted for as separate items (major components) of property, plant and equipment.
- Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within the statement of profit and loss.
- The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the statement of profit and loss as incurred.
- Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.
- Depreciation:**
Depreciation is recognized in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment based on Schedule III to the Companies Act, 2013 ("Schedule"), which prescribes the useful lives for various classes of tangible assets. For assets acquired or disposed of during the year, depreciation is provided on pro-rata basis. Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted prospectively, if appropriate.
- The estimated useful lives are as follows:

Type of Asset	Estimated useful life in years
Buildings	
i) Main Plant Building	30
ii) Other Building	60
Plant & Machinery	25
Lab Equipment	7.5
Material Handling	7.5
Fire fighting	7.5
Vehicles	8
Computers	3
Office Equipment	5
Furniture & Fixtures	10



- Financial liabilities**
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
- The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts.
- Subsequent measurement**
The measurement of financial liabilities depends on their classification, as described below:
Loans and borrowings
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.
- Fair value measurement**
The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:
i) Level 1: The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date.
ii) Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arms' length transactions.
iii) Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs).
- 3) Inventories**
Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes



expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables which are used in operating machines or consumed as indirect materials in the manufacturing process. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

4) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at March 31.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5) Cash & Cash Equivalents

Cash and bank balances comprise of cash balance in hand, in current accounts with banks, demand deposit, short-term deposits, Margin Money deposits and unclaimed dividend

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Revenue is recognized, when the company satisfies a performance obligation by transferring a promised good or service to its customers. The company considers the terms of the contract and its customary business practices to determine the transaction price. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset.

Revenue is measured based on transaction price, which is the fair value of the consideration received or receivable, stated net of discounts, returns and value added tax. Transaction price is recognised based on the price specified in the contract, net of the estimated sales incentives/ discounts. Accumulated experience is used to estimate and provide for the discount/ right of return, using the expected value method.

The company receives export incentives in the form of MEIS scrips which do not fall under the scope of Ind AS 115 and are accounted for in accordance with the provisions of Ind AS 20 considering such incentives as Government Assistance. Accordingly government grant relating to Income is recognised on accrual basis when the relevant expense has been charged to Profit and Loss statement.

Other Income

Interest Income

Interest income mainly comprises of interest on Margin money deposit with banks relating to bank guarantee. Interest income should be recorded using the effective interest rate (EIR). However, the amount of margin money deposits relating to bank guarantee are purely current in nature, hence effective interest rate has not been applied. Interest is recognized using the time-proportion method, based on rates implicit in the transactions.

Dividend

Dividend income is recognized when the Company's right to receive dividend is established.

9) Borrowing Costs

Borrowing costs consist of interest, ancillary and other costs that the Company incurs in connection with the borrowing of funds and interest relating to other financial liabilities. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur.

10) Tax Expenses

Tax expense consists of current and deferred tax.

Income Tax

Income tax expense is recognized in the statement of profit and loss except to the extent

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accounts. For this purpose, "short-term" means investments having maturity of three months or less from the date of investment. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. The Margin money deposits and unclaimed dividend balances shall be disclosed as restricted cash balances.

6) Employee Benefits

Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined Contribution Plan

The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

Defined Benefit Plans

The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates based on prevailing market yields of Indian Government Bonds and that have terms to maturity approximating to the terms of the related defined benefit obligation. The current service cost of the defined benefit plan, recognised in the statement of profit and loss is employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised immediately in income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

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that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognized in the statement of changes in equity as part of the associated dividend payment.

11) Earnings Per Share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

12) Trade receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using effective interest method, less provision for impairment.

13) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are

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Other long-term employee benefits

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

7) Provisions, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

8) Revenue Recognition

Sale of goods and trade license

Effective April 1, 2018, the company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The company has adopted Ind AS 115 using the cumulative catch up method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018).

The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18. The impact of adoption of the standard on the financial statements of the Company is insignificant.

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presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Determination of fair values

The Company's accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(i) Property, plant and equipment

Property, plant and equipment, if acquired in a business combination or through an exchange of non-monetary assets, is measured at fair value on the acquisition date. For this purpose, fair value is based on appraised market values and replacement cost.

(ii) Intangible assets

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the "relief of royalty method"). The fair value of customer related, product related and other intangibles acquired in a business combination has been determined using the multi-period excess earnings method after deduction of a fair return on other assets that are part of creating the related cash flows.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iv) Investments in equity and debt securities and units of mutual funds

The fair value of marketable equity and debt securities is determined by reference to their quoted market price at the reporting date. For debt securities where quoted market prices are not available, fair value is determined using pricing techniques such as discounted cash flow analysis.

In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

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Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

(v) Derivatives

The fair value of foreign exchange forward contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds). The fair value of foreign currency option and swap contracts and interest rate swap contracts is determined based on the appropriate valuation techniques, considering the terms of the contract.

(vi) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. In respect of the Company's borrowings that have floating rates of interest, their fair value approximates carrying value.

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2.4 Other Non Current Assets and Current Assets

Particulars	2019		2018	
	Current	Non Current	Current	Non Current
Deposits with Statutory authorities	-	-	-	3.25
Prepaid Expenses	-	-	9.92	-
Income Tax refund FY 2012-15	-	-	3.52	-
Income Tax refund FY 2017-18	6.30	-	3.78	-
Mumbai Sales tax deposit	38.98	-	22.89	-
GST input credit	6.15	-	161.06	-
ST input credit	56.98	-	50.88	-
Loans and advances staff	-	-	0.11	-
Maharashtra Vat tax paid	-	-	17.30	-
Advances for packing material	-	-	1.80	-
Creditors for goods	114.37	-	123.36	-
Excise Duty Claim Receivable on Export	-	1.76	0.03	-
TDS Receivable from parties	-	-	2.48	-
Excise duty appeal fee	-	-	-	1.75
Carvat credit deferred	-	-	-	0.00
Carvat credit	-	0.00	-	0.00
Vat input credit receivable	-	-	-	-
Excise duty under protest	-	-	-	2.90
Deferred GST	-	-	-	6.14
Deferred Excise Duty	-	-	-	-
Advance Tax	25.00	-	-	-
TDS receivable	1.84	13.34	25.51	-
Advance others	100.11	10.36	-	2.70
TOTAL	477.73	34.46	447.86	11.91

2.5 Inventories

Particulars	2019	2018
	Current	Current
Raw materials	2,751.11	233.00
Finished goods	944.59	2,147.60
Packing materials	-	21.27
TOTAL	3,695.70	2,401.87

The mode of valuation of Inventories has been stated in Note ... Of Significant Accounting Policies. Inventories hypothecated as security for availing working capital facilities from banks.



2.1: Property, plant and equipment

Particulars	Gross carrying value		Accumulated depreciation		Net carrying value	
	As at 1 April 2018	Additions	Disposals	For the year	As at 31 March 2019	As at 31 March 2018
Land	452.69	5.48	-	47.13	451.04	422.80
Factory building	1,606.17	1,019.52	-	295.80	2,620.89	1,430.30
Administrative building	86.19	1.18	-	8.40	78.97	47.70
Plant and machinery	20,665	13,100	-	1,320	32,445	19,780
Leasehold intangible	20,665	13,100	-	1,320	32,445	19,780
Motor vehicles	41.55	15,569	-	97.74	15,602	65.09
Other assets	13.37	1.96	-	1.33	2.00	1.44
Accumulated depreciation	-	10.41	-	2,107.92	2,118.33	1,616.75
Carrying amount	23,337.05	30,811.13	-	2,107.92	32,040.26	24,609.64
Carrying amount in progress	49,234	0	0	175.33	49,234	53,407

Particulars	Gross carrying value		Accumulated depreciation		Net carrying value	
	As at 1 April 2017	Additions	Disposals	For the year	As at 31 March 2018	As at 31 March 2017
Land	452.69	82.21	-	29.45	505.45	422.80
Factory building	1,606.17	1,019.52	-	295.80	2,620.89	1,430.30
Administrative building	86.19	1.18	-	8.40	95.97	47.70
Plant and machinery	20,665	13,100	-	1,320	32,445	19,780
Leasehold intangible	20,665	13,100	-	1,320	32,445	19,780
Motor vehicles	41.55	15,569	-	97.74	15,602	65.09
Other assets	13.37	1.96	-	1.33	2.00	1.44
Accumulated depreciation	-	10.41	-	2,107.92	2,118.33	1,616.75
Carrying amount	23,337.05	30,811.13	-	2,107.92	32,040.26	24,609.64
Carrying amount in progress	52,821	0	0	185.58	52,821	56,214



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2.6 Trade receivables

Particulars	2019	2018
	Current	Current
Trade Receivables	-	-
Unsecured, considered good	3,793.04	2,220.78
Less: Allowances for credit losses	-	-43.86
TOTAL	3,793.04	2,176.92

Trade Receivables hypothecated as security for availing working capital facilities

Movement of Impairment in Trade Receivables

Particulars	Amount
As at 1st April 2018	(40.11)
Reversal of Impairment	9.52
As at 1st April 2017	(30.59)
Add: additional allowance of expected credit loss	(13.27)
As at March 31, 2018	(43.86)
Reversal of impairment	43.86
As at March 31, 2019	0.00

2.7 Cash and Cash Equivalents

Particulars	2019	2018
i) Cash and Cash equivalents		
ii) Cash on hand	50.56	41.35
iii) Balances with banks		
- Current Accounts	38.68	25.06
- Fixed Deposits	-	10.19
iv) Other Bank Balances (with restricted use)		
Marginal Money Deposit Accounts (against Bank Guarantees)	125.22	92.63
Total	214.36	169.23

Cash and Cash Equivalents include the following for Cash flow purpose

Particulars	2019	2018
Cash and Cash Equivalent Bank Balances	214.30	169.22
Less: Bank O/D & CC to be classified as Cash & Cash Equivalents	(1473.56)	(1463.95)
Cash and Cash Equivalent Bank Balances	(1259.26)	(1294.73)



2.2 Investments

Particulars	2019		2018	
	Current	Non Current	Current	Non Current
Investments at fair value through Profit or Loss A/c	-	-	-	-
In Equity Shares	-	0.00	-	0.00
In Mutual Funds	-	8.40	-	7.84
Aggregate amount of Quoted Investments	-	8.40	-	7.84
Total Investments	-	8.40	-	7.84

2.3 Other Financial Assets

Particulars	2019		2018	
	Current	Non Current	Current	Non Current
Deposits with IL and FS	-	-	-	13.00
NSD Bond	-	-	-	0.15
Security Deposit with APCCDCL	-	-	-	53.62
Security Deposit with Singapore Calories	-	-	-	0.70
Deposits with Others	-	79.69	-	-
Deposit for rentals	-	-	-	-
Deposit with CPD	-	-	-	-
Deposits with Others	28.73	-	26.47	-
Interest Receivable	4.50	-	5.34	-
TOTAL	33.23	79.69	31.81	67.47

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2.8 Share Capital

Particulars	2019	2018
Authorized Share Capital		
10,00,000 Equity Shares of Rs. 10 each	2,000.00	2,000.00
(Previous year: 90,00,000 Equity Shares of Rs. 10 each)	-	-
Issued Subscribed and Paid-up Share Capital		
1,80,40,400 equity shares of Rs. 10/- each fully paid-up	1,804.04	1,804.04
(Previous year: 1,80,40,400 Equity Shares of Rs. 10/- each, fully paid-up)	-	-
TOTAL	1,804.04	1,804.04

2.8.1 Reconciliation of Number of Shares

Particulars	2019	2018
Number of Shares at the beginning of the year	16,940,400	16,940,400
Add: Shares issued during the year	-	-
Number of Shares at the end of the year	16,940,400	16,940,400

2.8.2 Rights attached to equity shares

The Company has only one class of equity shares having a face value of Rs. 10/- each. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian Rupee. In the event of liquidation of the Company, the equity shareholders will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

2.9 Other Equity

Particulars	2019	2018
Share Forfeiture reserve		
Opening Balance	64.63	64.63
Add: Shares issued during the year	-	-
Capital Reserve		
- Opening Balance	21.23	21.23
Surplus in the Statement of Profit and Loss		
Opening Balance	838.02	560.10
Add: Net profit transferred from the Statement of Profit and Loss	128.00	97.52
	756.02	657.62
Less: Appropriations		
ECL on Trade Receivables	-	-
Net change in fair value of FVTPL, investments and others	-	-
Actual gain or loss on employee defined benefit plan	(25.42)	-
Dividend Balance	750.60	658.62
Total	815.23	713.27



2.10 Borrowings

Particulars	2019		2018	
	Current	Non Current	Current	Non Current
Secured Borrowings				
Term Loan from banks	-	135.60	-	119.04
Vehicle Loans	-	36.19	-	18.07
IF FINE sales tax deposit	-	11.16	-	11.16
Unsecured Borrowings				
Cash Credit	1,472.58	-	1,405.95	-
Total	1,472.58	181.18	1,405.95	148.28

2.11 Deferred Tax Liabilities

Particulars	2019	2018
Opening Balance	252.32	305.87
Add/ On account of difference in Net Block	2.64	(53.99)
Closing Balance	254.97	252.92

2.12 Other Non Current Liabilities & Current liabilities

Particulars	2019		2018	
	Current	Non Current	Current	Non Current
Loan from Directors	-	196.22	-	257.89
Loan from Others	-	96.18	-	111.06
Advance from customers	42.45	-	58.89	-
Security Deposit	-	0.21	-	0.21
Total	42.45	292.60	58.89	369.12

2.13 Long Term Provisions

Particulars	2019	2018
Provision for Gratuity and Employee Benefits	41.86	25.14
Provision for Employee Benefits (Gratuity)	11.05	0.86
Provision for Employee Benefits (Leave encashment)	52.91	25.99
Closing Balance	105.82	51.99

2.14 Trade Payables

Particulars	2019	2018
Due to Micro & Small Enterprises	4,758.65	1,059.23
Due to others	-	-
Total	4,758.65	1,059.23



2.23 Other expenses

Particulars	2019	2018
Rates and taxes	16.35	3.24
Insurance	21.39	5.11
Legal and Professional charges	21.19	22.92
ROC Expenses	0.03	0.30
Stamp Duty	-	-
Communication expenses	8.09	6.90
Travel & conveyance expenses	14.01	52.82
Rent Office & godown	9.41	8.17
Power & Fuel	568.09	410.13
Sales & Business Promotion	3.44	7.12
Payment to Auditors	-	-
Stationery used	2.04	2.00
Tax audit	-	-
Taxation and Other Matters	-	-
Cost Audit Fees	-	-
Repairs & Maintenance Expenses	85.24	125.84
Consumption of Stores	279.23	147.80
Discount & Rebate	24.67	6.13
Freight & Transportation	153.42	20.86
Labour Wages	406.38	362.83
Security Charges	15.08	18.37
Printing & Stationery	13.93	8.40
Miscellaneous expenses	114.91	87.55
Job Work Charges	441.22	72.88
Customs Duty	-	5.77
Interest Paid to Shareholders	-	-
CSR	63.08	53.7
VAT Input Deducted	-	-
Minorities VAT Tax - Penalty paid	-	-
Expected Credit Loss	(43.36)	(3.27)
Excise Duty	-	10.97
Total	2,281.18	1,438.84



2.15 Other financial liabilities

Particulars	2019		2018	
	Current	Non Current	Current	Non Current
Current Maturity of LTD	-	130.18	-	130.18
Site Permit	599.61	-	599.97	-
Staff Creditors	47.25	-	46.18	-
Liability for Expenses	229.84	-	175.51	-
Total	887.71	130.18	821.66	130.18

2.16 Provisions

Particulars	2019	2018
Provision for tax	56.13	38.75
Provision for Gratuity	19.33	-
Provision for Leave encashment	5.60	-
Total	81.06	38.75

2.17 Revenue from operations

Particulars	2019	2018
Revenue from :		
Operating Activities	16,328.23	7,910.17
Add Excise Duty	-	90.97
Add Other Operating Income	448.96	0.85
Revenue from operations	16,777.19	8,002.19

2.18 Other income

Particulars	2019	2018
Interest Received	7.53	11.54
on Foreign Exchange Fluctuation	(0.00)	-
Discount on Purchases	-	0.12
Rental charges - vatatable trader	-	0.66
Service Charges Income	-	-
Subsidy on Electrical Charges	-	-
Commission on Sales	-	-
Miscellaneous Income	4.71	4.38
Profit on Sale of Asset	-	29.54
Insurance Claim Received	-	-
Net gain on Fair value measurement of investments	3.55	-
Total	12.79	45.33

2.24 Recent Accounting Pronouncements.

Ind AS 116 Leases:
Ind AS 116, Leases: The Ministry of Corporate Affairs has notified the Ind AS 116, Leases which will be effective from April 1, 2019. Ind AS 116 would replace the existing leases standard Ind AS 17. The standard sets out the principles for the recognition, measurement, presentation and disclosures for both parties to a contract, i.e. the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Company is currently evaluating the effect of Ind AS 116 on the financial statements.

Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 118 when it recognises a liability to pay a dividend. The income tax consequences of dividends are treated more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying the appendix. The amendment is effective for annual periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.

Amendment to Ind AS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognize in profit or loss as part of past service cost, or gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019. The Company is evaluating the effect of the above in the financial statements.



2.19 Cost of materials consumed

Particulars	2019	2018
Raw Material	14,799.55	6,536.94
Purchases	-	1,380.90
Add Opening Stock	2,509.03	7,777.24
Less: Closing Stock	(2,751.11)	(2,147.46)
Total	14,556.48	6,629.58

2.20 Changes in inventories

Particulars	2019	2018
Finished goods	271.63	359.67
Opening	841.52	230.30
Closing	(872.98)	(129.67)
Total	(872.98)	(129.67)

2.21 Employee benefits expense

Particulars	2019	2018
Salaries & Wages	293.94	235.45
Director Remuneration	57.85	53.86
Contribution to provident and other funds	20.21	18.52
Staff Welfare, Recruitment Expenses:	28.31	25.93
Other Allowances	-	-
Leave encashment	10.67	-
Expatriate & Gratuity	8.43	1.28
Total	429.47	332.28

2.22 Finance costs

Particulars	2019	2018
Interest Expense	274.75	279.60
Other borrowing costs	45.88	69.95
Total	320.73	348.95



2.26 Auditors Remuneration

Particulars	(Amount in Rs Lakhs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Audit fees	2.00	2.00
b) Other charges	-	-
Taxation matters	-	-
TOTAL	2.00	2.00

2.27 Earnings per Share

Particulars	(Amount in Rs Lakhs)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Earnings		
Profit attributable to equity holders	539.89	67.92
Shares		
Number of shares at the beginning of the year	168.42	168.40
Add: Equity shares issued	-	-
Less: Buy back of equity shares	-	-
Total number of equity shares outstanding at the end of the year	168.42	168.40
Weighted average number of equity shares outstanding during the year - Basic	168.43	168.40
Add: Weighted average number of equity shares arising out of outstanding stock options (net of the stock options forfeited) that have dilutive effect on the EPS	-	-
Weighted average number of equity shares outstanding during the year - Diluted	168.43	168.40
Earnings per share of par value Rs.10/- - Basic (₹)	3.19	0.40
Earnings per share of par value Rs.10/- - Diluted (₹)	3.19	0.40

2.28 Related Parties

In accordance with the provisions of Ind AS 24 'Related Party Disclosures' and the Companies Act, 2013, Company's Directors, members of the Company's Management Council and Company Secretary are considered as Key Management Personnel. List of Key Management Personnel of the Company is as below:

- Mr. S. Murali Krishna Murthy - Managing Director
- Mr. G Venkate Ramana - Joint Managing Director
- Mr. S. Mohan Krishna Murthy - Whole Time Director
- Mr. S. Balaji Venkateswarala - Whole Time Director
- Mr. S. Srinivas Kumar - Whole Time Director
- Bh. Satyanarayana Raju - Whole Time Director
- Mr. J.R.K Panduranga Rao - Independent Director
- Mr. K. Pradyumn Tale - Independent Director
- Mr. T. Seshagni - Independent Director
- Mr. B. Eppala Reddy - Independent Director
- Mr. Bh. Satyanarayana Raju - CFO
- Mr. Shanmug Swaminathan - Company Secretary



The following is a summary of significant related party transactions: (Amount in Rs Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
a) Key managerial personnel		
Remuneration		
Mr. S. Murali Krishna Murthy	5.40	5.40
Mr. S. Mohan Krishna Murthy	2.85	2.85
Mr. S. Balaji Venkateshwar	5.40	5.40
Mr. S. Srinivas Kumar	5.40	5.40
Mr. G Venkata Ramana	21.23	19.81
Mr. B. Sateyanarayana Rao	10.50	15.35
Mr. Sharwat Seshash Shinde	1.80	0.90
Stipend Fee		
Mr. J. R. K. Panduranga Rao	0.05	0.06
Mr. M. Teyyanar (Resigned 30.07.2018)	0.02	0.05
Mr. T. Saikrishna	0.05	0.01
Mr. B. Gopika Reddy	0.05	0.04
TOTAL	39.79	54.31

Other related party transactions (Amount in Rs Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Sri Sai Krishna marketing associates-associate firm		
Sales	9.93	43.85
Purchases	179.33	185.73
Trade Receivables		
Wahler Laboratories Private Limited-associate company		
Sales	443.57	354.73
Purchases	482.04	-
Trade Receivables (Payables)		254.35
Unsecured Loans received by the company		
S. Balaji Venkateshwar - Director	7.19	20.39
S. Mohan Krishna Murthy - Director	20.02	20.89
S. Murali Krishna Murthy - Managing Director	31.41	44.82
S. Srinivas Kumar-Director	19.85	33.36
Bh. Sateyanarayana Rao - Director	3.24	3.78
S. Venkatesh Kumar - Joint Managing Director	14.69	10.38
Srinidhi Infm Limited Entity in which directors are interested	85.10	85.10

2.29 Segment Reporting

The Company concluded that there is an only one operating segment (i.e. Manufacturing of Pharmaceutical products). Hence, the same becomes the reportable segment for the Company. Accordingly, the Company has only one operating and reportable segment, the disclosure requirements specified in paragraphs 22 to 30 are not applicable. Accordingly, the Company shall present entire wide disclosures enumerated in paragraphs 32, 33 and 34 of Ind AS 100.



2.31 Financial Risk Management:

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and Market risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors, risk management committee and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

a. Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.

Trade Receivables - The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. The total trade and other receivables impairment loss is provided till as at 31 March 2019 and Rs. 43.87 lakhs as at 31 March 2018.

The Company's credit period for customers generally ranges from 60-90 days. The aging of trade receivables that are past due but not impaired is given below:

a. Income tax expense/(benefit) recognized in the statement of profit and loss:

Income tax expense/(benefit) recognized in the statement of profit and loss consists of the following: (Amount in Rs Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current taxes expense		
Domestic	53.76	38.75
Prior year tax adjustments	-	14.31
Deferred taxes expense/(benefit)		
Domestic	2.04	(52.95)
Total income tax expense/(benefit) recognized in the statement of profit and loss	55.80	0.11



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2.30 Employee benefits

Gratuity benefits

In accordance with applicable laws, the Company has a defined benefit plan which provides for gratuity payments (the "Gratuity Plan") and covers certain categories of employees in India. The Gratuity Plan provides a lump sum gratuity payment to eligible employees at retirement or termination of their employment. The amount of the payment is based on the respective employee's last drawn salary and the years of employment with the Company. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Life Insurance Corporation of India (LIC). The components of gratuity cost recognized in the statement of profit and loss for the years ended 31st March 2019 consist of the following:

Particulars	For the year ended 31st March 2019
Current service cost	6.28
Interest on net defined benefit liability / asset	1.94
Gratuity cost recognized in statement of profit and loss	7.21

Details of changes in the present value of defined benefit obligations are as follows:

Particulars	As of 31 March 2019
Defined benefit obligations at the beginning of the year	25.32
Current service cost	5.29
Interest on defined obligations	1.94
Re-measurements due to:	
Actuarial loss(gain) due to change in financial assumptions	-
Actuarial loss(gain) due to demographic assumptions	-
Actuarial loss(gain) due to experience changes	23.81
Benefits paid	-
Defined benefit obligations at the end of the year	56.37

Summary of Actuarial Assumptions:

The actuarial assumptions used in accounting for the Gratuity Plan are as follows:

The assumptions used to determine benefit obligations:

Particulars	For the Years ended 31st March 2019
Discount rate	7.69%
Salary Escalation	5.00%
Mortality Rate	100%
Disability Rate	0.00%
Withdrawal Rate	5.1% to 7.0%
Normal Retirement Age	60 Years
Adjusted Average Future Service	3.44



b. Reconciliation of Effective tax rate:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before income taxes	183.89	98.54
Enacted tax rate in India	27.82%	33.06%
Computed expected tax benefit/(expense)	51.13	22.49
Effect of:		
Expenses not deductible for Tax purposes	60.81	77.73
Expenses deductible for Tax purposes	(61.78)	(61.46)
Taxable at Special Rates	-	-
Income tax benefit/(expense) for the year	50.15	38.75
Effective tax rate	27.29%	56.95%

The Company's average effective tax rate for the years ended March 31, 2019 and 2018 were 27.29% and 56.95%, respectively.

c. Deferred tax assets & liabilities:

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Deferred tax assets/(liabilities):		
Property, plant and equipment	(254.97)	(252.82)
Net deferred tax assets/(liabilities)	(254.97)	(252.82)

2.31 Financial Risk Management:

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and Market risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors, risk management committee and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

a. Credit Risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.



Leave Encashment:

The Company accumulates or compensates absence by certain categories of its employees for one year. These employees receive cash in lieu thereof as per the Company's policy. The Company records expenditure on employee's leave.

2.30 Income Taxes:

a. Income tax expense/(benefit) recognized in the statement of profit and loss:

Income tax expense/(benefit) recognized in the statement of profit and loss consists of the following: (Amount in Rs Lakhs)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Current taxes expense		
Domestic	53.76	38.75
Prior year tax adjustments	-	14.31
Deferred taxes expense/(benefit)		
Domestic	2.04	(52.95)
Total income tax expense/(benefit) recognized in the statement of profit and loss	55.80	0.11

b. Reconciliation of Effective tax rate:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit before income taxes	183.89	98.54
Enacted tax rate in India	27.82%	33.06%
Computed expected tax benefit/(expense)	51.13	22.49
Effect of:		
Expenses not deductible for Tax purposes	60.81	77.73
Expenses deductible for Tax purposes	(61.78)	(61.46)
Taxable at Special Rates	-	-
Income tax benefit/(expense) for the year	50.15	38.75
Effective tax rate	27.29%	56.95%

The Company's average effective tax rate for the years ended March 31, 2019 and 2018 were 27.29% and 56.95%, respectively.

c. Deferred tax assets & liabilities:

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Deferred tax assets/(liabilities):		
Property, plant and equipment	(254.97)	(252.82)
Net deferred tax assets/(liabilities)	(254.97)	(252.82)



Trade Receivables-The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The total trade and other receivables impairment loss is provided till as at 31 March 2019 and Rs. 43.87 lakhs as at 31 March 2018.

The Company's credit period for customers generally ranges from 60-90 days. The aging of trade receivables that are past due but not impaired is given below:

Particulars	As of 31 March	
	2019	2018
Period (in days)		
1 - 90	3226.86	920.02
90 - 180	91.14	731.53
More than 180	417.59	573.21
Total	3745.59	2224.76

On account of adoption of the AS 109, the Company uses Expected Credit Loss (ECL) model for assessing the impairment loss. For this purpose, it is weighted average of credit losses with the respective risks of default occurring as weights. The credit loss is the difference between all contractual cash flows that are due to an entity as per the contract and all the contractual cash flows that the entity expects to receive, discounted to the effective interest rate.

Financial assets that are neither past due nor impaired - None of the Company's cash equivalents, including deposits with banks, were past due or impaired as at 31 March 2019.

Reconciliation of allowance for credit losses:

The details of changes in allowance for credit losses during the year ended 31 March 2019 and 31 March 2018 are as follows:

Particulars	For the Year Ended 31 March	
	2019	2018
Balance at the beginning of the year	3783.40	2228.76
Impairment of Trade receivables	-	(43.87)
Balance at the end of the year	3783.40	2184.89

Liquidity Risks:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.



As of 31 March 2019 and 2018, the Company had unutilized credit limits from banks of Nil and Nil respectively.

As of 31 March 2019, the Company had working capital (current assets less current liabilities) of Rs.984.45 lakhs including cash and cash equivalents of Rs.214.20 Lakhs and Investments in FVTPL financial assets of Rs.6.40 lakhs. As of 31 March 2018, the Company had working capital of Rs. 1073.20 lakhs, including cash and cash equivalents of Rs. 169.22 lakhs and investments in FVTPL financial assets of Rs. 7.95 Lakhs.

The table below provides details regarding the contractual liabilities of significant financial liabilities as at 31 March 2019. (Amounts in Rs Lakhs)

Particulars	2020	2021	2022	Thereafter	Total
Long term borrowings-Vehicle loan	16.02	9.08	5.16	5.30	36.13
Long term borrowings-Interest free	-	-	-	11.16	11.16
Sales tax deposit	-	-	-	-	-
Bank overdraft, short-term loans and borrowings*	17.88	17.88	-	-	-

*Note: The Bank Overdraft and other liabilities are payable on demand.

Market Risk:

Market risk is the risk that changes in market prices such as commodity prices risk, foreign exchange rates and interest rates which will affect the Company's financial position. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Coffee Industry is dependent on nature, making it susceptible to climate vagaries. The major weather factors that influence coffee yield are rainfall, temperature, light intensity and relative humidity.

Interest rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

CAPITAL MANAGEMENT

The Company's objective for capital management is to maximize shareholder wealth, safeguard business continuity and support the growth of the Company. The Company determines the capital management requirement based on annual operating plans and long term and other strategic investment plans. The funding requirements are met through equity borrowings and operating cash flows required.

The company's Debt Equity ratio is as follows:

Particulars	2019	2018
Total Debt	1947.17	1903.12
Total Equity	2506.39	2407.80
Debt Equity Ratio	0.78:1	0.82:1



2.32 Contingent Liabilities and Commitments:

The following are the details of contingent liabilities and commitments:

Particulars	2019	2018
Contingent Liabilities		
a) Letter of credit outstanding	599.90	500.76
b) Demand raised by excise department for FY 2010-11 to 2011-12	10.03	10.03
c) Demand raised by income tax department for FY 2013-14 TO 2014-15	0.90	7.08
d) Demand raised by income tax department for FY 2008-09, FY 2009-10 and FY 2010-11*	1.43	83.20
	612.32	606.08

* Tax deposited under protest Rs.17.29 lakhs



Financial results for the quarter and half year ended September 30, 2019

Particulars	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Half Year 2019	Half Year 2018
Revenue from operations	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	3,00,00,000	3,00,00,000
Operating expenses	(80,00,000)	(80,00,000)	(80,00,000)	(80,00,000)	(2,40,00,000)	(2,40,00,000)
Operating profit	20,00,000	20,00,000	20,00,000	20,00,000	60,00,000	60,00,000
Finance income	10,00,000	10,00,000	10,00,000	10,00,000	30,00,000	30,00,000
Finance expense	(5,00,000)	(5,00,000)	(5,00,000)	(5,00,000)	(15,00,000)	(15,00,000)
Profit before tax	25,00,000	25,00,000	25,00,000	25,00,000	75,00,000	75,00,000
Income tax expense	(5,00,000)	(5,00,000)	(5,00,000)	(5,00,000)	(15,00,000)	(15,00,000)
Profit after tax	20,00,000	20,00,000	20,00,000	20,00,000	60,00,000	60,00,000
Basic EPS	20,00,000	20,00,000	20,00,000	20,00,000	60,00,000	60,00,000
Diluted EPS	20,00,000	20,00,000	20,00,000	20,00,000	60,00,000	60,00,000

1. The figures are subject to audit by the Statutory Auditors. The figures are subject to audit by the Statutory Auditors. The figures are subject to audit by the Statutory Auditors.

2. The figures are subject to audit by the Statutory Auditors. The figures are subject to audit by the Statutory Auditors. The figures are subject to audit by the Statutory Auditors.

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4. The figures are subject to audit by the Statutory Auditors. The figures are subject to audit by the Statutory Auditors. The figures are subject to audit by the Statutory Auditors.

Large & Regd. Office : Door No. 3-A/12/19 (40/80), 10th Main Road, Narayana, Hyderabad - 500 027, Telangana, India. Phone : +91 40 2742021 / +91 40 2742104 Website : www.ortinlaboratories.com Email : info@ortinlaboratories.com



Independent Auditor's Review Report on Quarterly and Year to Date Unaudited Financial Results of Company Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

To:
The Board of Directors of
ORTIN LABORATORIES LIMITED

We have reviewed the accompanying statement of unaudited financial results of ORTIN LABORATORIES LIMITED (The Company) for the quarter ended 30th September, 2019 and for the period from 1st April, 2019 to 30th September 2019. This statement is the responsibility of the company's management and has been approved by the board of directors. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review of the Statement in accordance with the Standards on Review Engagement (SRE) 3410 "Review of Interim Financial Information Performed by the Independent Auditor of the entity" issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free from material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and this provides less assurance than an audit. We have not performed an audit and accordingly we do not express an audit opinion.

Based on our review conducted as stated above, nothing has come to our attention that causes us to believe that the accompanying statement, prepared in accordance with the recognition and measurement principles laid down in the applicable Indian accounting standards specified under section 132 of the Companies Act, 2013, read with relevant rules thereof, is free from any other recognized accounting principles and policies has not disclosed the information required to be disclosed in terms of the regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 including the manner in which it is to be disclosed or that it contains any material misstatements.

For Sathuluri & Co.
Chartered Accountants
Firm Reg No. 0063838

(S.S. Prakash)
Proprietor
Membership No.202710
KAPPA - 19 2 9 110 AAAC + 353A
Floor: Hyderabad
Date: 14/10/2019

Statement of Assets and Liabilities

Particulars	As at 30-Sep-2019	As at 31-Mar-2019
ASSETS		
Non-current assets		
Property plant and Equipment	2,333.08	2,126.65
Capital Work Inprogress	84.09	53.81
Financial assets		
Investments	8.82	8.83
Other financial assets	37.99	70.49
Other non-current assets	27.22	35.49
	2,412.21	2,396.49
Current assets		
Inventories	4,153.70	3,695.79
Financial assets		
Trade receivables	2,563.32	3,783.44
Cash and cash equivalents	312.69	214.38
Other financial assets	31.01	32.22
Other current assets	382.58	471.55
	7,543.81	8,294.02
TOTAL	9,956.02	10,690.51
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	1,698.64	1,698.64
Other Equity	799.23	815.35
	2,497.87	2,514.00
Liabilities		
Non-current liabilities		
Financial Liabilities		
Borrowings	693.44	473.08
Deferred tax liabilities (net)	171.84	214.57
Long Term Provisions	65.91	52.91
Other Non-current liabilities	9.21	6.23
	940.40	746.85
Current liabilities		
Financial Liabilities		
Borrowings	1,488.07	1,472.39
Trade payables	4,387.49	4,209.65
Other financial liabilities	168.42	399.66
Provisions	6.76	74.11
Other current liabilities	234.04	318.54
	6,497.39	7,173.76
TOTAL	9,945.27	10,688.61

Statement of Cash Flows

Particulars	Q1 2019	Q2 2019	Q3 2019	Q4 2019
Cash from operations	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Change in working capital	(80,00,000)	(80,00,000)	(80,00,000)	(80,00,000)
Change in financial assets	10,00,000	10,00,000	10,00,000	10,00,000
Change in financial liabilities	5,00,000	5,00,000	5,00,000	5,00,000
Change in cash and cash equivalents	35,00,000	35,00,000	35,00,000	35,00,000
Cash and cash equivalents at the beginning of the year	1,69,22,000	1,69,22,000	1,69,22,000	1,69,22,000
Cash and cash equivalents at the end of the year	2,04,22,000	2,04,22,000	2,04,22,000	2,04,22,000



M M REDDY & CO.,
Chartered Accountant

Phone : 040-65530077
Fax : 040-23479036
Mobile : 98482 71552
91770 22555

Independent Auditors' Report

To the Members of **VINET LABORATORIES LIMITED**

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **M/S. VINET LABORATORIES LIMITED** ("the Company"), which comprise the balance sheet as at 31 March 2019 and the Statement of Profit & Loss for the year ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(3) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for ascertaining the accuracy and completeness of the accounting records, selecting and applying appropriate accounting policies, making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(1) of the Act. Those standards require that we comply with ethical



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requirements and give and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and in the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019 and Profit and Loss for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- The balance sheet and the Statement of Profit & Loss dealt with by this Report are in agreement with the books of account;
- In our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- On the basis of the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164 (2) of the Act; and



- D) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company does not have any pending litigations.
 - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **M M REDDY & CO.,**
Chartered Accountants
Firm Registration No. 8191715



M. Madhusudan
Partner
Membership No. 213677

Place: Hyderabad
Date : 17.08.2019

VINET LABORATORIES LIMITED				
Balance Sheet as on 31.03.2019				
(All amounts in Indian Rupees except the share data in subsequent tables)				
	2018-19	2017-18		
	As at	As at	2018-19	2017-18
	Mar 31, 2019	Mar 31, 2018		
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	2	4,00,000	100,000	
Reserves and Surplus	3	-	-	-
Preference Shares (Warrant)	4	-	-	-
	A	4,00,000	100,000	
Non-current liabilities				
Long-term borrowings				
Deferred tax liabilities (Net)				
Long-term provisions				
	B	-	-	-
Current liabilities				
Short-term borrowings				
Trade payables	4	73,790	92,480	
Short-term provisions				
Other Current Liabilities	5	-	38,000	
	C	73,790	130,480	
Total	(A+B+C)	4,73,790	230,480	
ASSETS				
Non-current assets				
Fixed assets				
Goodwill				
Land, Buildings, Furniture, etc.				
Intangible Assets				
Capital work-in-progress				
	A	-	-	-
Current assets				
Current tax assets (Net)				
Long-term loans and advances				
Non-current investments				
Other Non-Current Assets				
	B	-	-	-
Current assets				
Inventory				
Trade receivables				
Cash and cash equivalents	4	99,500	82,290	
Other current assets		4,05,790	175,000	
	C	4,73,790	230,480	
Total	(A+B+C)	4,73,790	230,480	

The Notes referred to above and the notes to accounts form an integral part of the Balance Sheet

For **M M REDDY & CO.,**
Chartered Accountants, 8191715

For and on behalf of the Board of Directors of **VINET LABORATORIES LIMITED**

M. Madhusudan
Partner
Membership No. 213677

Gadlag Venkateswararao
Director
(DIN:05078878)

Place: Hyderabad
Date : 17.08.2019

Satyavratyasa Raju Bhargava
Director
(DIN:05078800)

VINET LABORATORIES LIMITED				
Profit and Loss Account for the Period ended				
(All amounts in Indian Rupees except the share data in subsequent tables)				
	2018-19	2017-18		
	Year Ended	Year Ended	2018-19	2017-18
	Mar 31, 2019	Mar 31, 2018		
INCOME				
Turnover (Gross)				
Revenue from operations				
Other Income				
Total Revenue				
EXPENDITURE				
Operating Expenses				
Personnel Cost				
Administration expenses				
Depreciation/amortisation				
Other				
Total				
Profit / (Loss) before tax				
Profit before tax				
Provision for taxation				
- Current Year Tax				
- Deferred tax				
Total tax expense				
Profit / (Loss) from continuing operations				
Balance brought forward from previous year				
Balance carried to Balance Sheet				
Basic				
Weighted Number of Shares		40,000	30,000	
Weighted average		20	10	
Notes to accounts				

The Notes referred to above and the notes to accounts form an integral part of the Profit and Loss Account

For **M M REDDY & CO.,**
Chartered Accountants, 8191715

For and on behalf of the Board of Directors of **VINET LABORATORIES LIMITED**

M. Madhusudan
Partner
Membership No. 213677

Gadlag Venkateswararao
Director
(DIN:05078878)

Place: Hyderabad
Date : 17.08.2019

Satyavratyasa Raju Bhargava
Director
(DIN:05078800)

SCHEDULE: 01
SIGNIFICANT ACCOUNTING POLICIES & NOTES ON ACCOUNTS:

1. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of preparation of financial statements:

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014.

Management evaluates all recently issued or revised accounting standards on an ongoing basis. The financial statements are prepared under the historical cost convention. Recognition of income and expenses, accrual basis of accounting is followed.

2. Use of Estimates:

The preparation of financial statements in conformity with GAAP requires Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debts, future obligations under retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed assets and intangible assets.

Management periodically assesses using external and internal sources whether there is an indication that an asset may be impaired. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

3. Revenue recognition:

Revenue recognized on accrual basis



4. Fixed Assets, Intangible Assets:

Fixed Assets are stated at cost, less accumulated depreciation. All direct costs are capitalized until fixed assets are ready for use including taxes, duties, freight and other incidental expenses relating to acquisition and installation.

5. Depreciation and amortization:

Depreciation on fixed assets has been provided on straight-line method based on useful life of asset specified in Schedule II of the Companies Act, 2013 on pro-rata basis.

6. Product under development:

Revenue expenditure incurred on product under development for development of new games and portals has been shown separately under Products and Development.

7. Foreign Currency Transactions:

The company has no foreign currency transactions during the year

8. Income Tax:

Income taxes are computed using the tax effect accounting method, in accordance with the Accounting Standard (AS 22) "Accounting for Taxes on Income" which includes current taxes and deferred taxes. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and the relevant timing difference of earlier years. Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset / liability is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred Tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

9. Earnings per share:

In determining earnings per share, the company considers the net profit after tax expense. The number of shares used in computing basic earnings per is the weighted average shares used in outstanding during the period.

10. Investments:

During the financial half year the company does not made any investments.



II. NOTES ON ACCOUNTS:

All amounts in the financial statements are presented in Rupees and as otherwise stated.

8. Contingent Liabilities : Nil

9. Foreign Exchange earned and outgo : Nil

10. Related Party Transactions

List of related parties on which the company is able to exercise control.

A. Subsidiaries: Nil
B. Transactions with key management personnel: Nil

11. Due to micro & small scale industrial undertakings

As at March 31, 2019 as per available information with the company, there are no dues to small scale Industrial Undertakings.

12. Segment reporting

Segment reporting is not applicable to the Company and to the nature of its business.

13. Auditors Remuneration

Particulars	(In Rs. Rupees)	
	For the Year 2018-19	2019-20
Statutory Audit	21600	
Total	21600	



14. Earnings per share

Particulars	(In Rs. Rupees)	
	For the Year 2018-19	2019-20
Net profit after tax		0

15. The previous year figures have been recast / restated, wherever necessary, to the current period's classification.

16. Financial figures have been rounded off to nearest rupee.

17. Schedules 2 to 9 form part of Balance Sheet and have been authenticated.

As per our report of even date attached
For MM REDDY & CO.,
Chartered Accountants
Firm Registration No: 0103715

For and on behalf of the board of directors
M.S. VINEET LABORATORIES LIMITED

(M Madhusudhana Reddy)
Partner
Membership No.213077

Gaddam Venkata Ramana
Director

Satyanarayana Raja
Director

Place: Hyderabad
Date: 07.09.2019



VINNET LABORATORIES LIMITED			
Provisional Balance Sheet as on 30.06.2019 (an Audited)			
(All amounts in Indian Rupees except for share data or otherwise stated)			
Name	2018-19	2019-20	
As at	As at	As at	
Mar 31, 2019	Mar 31, 2019	Mar 31, 2019	
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	4,100,000	4,100,000
Reserves and Surplus	3	-	-
Provisional Share Premium	4	-	-
Total	A	4,100,000	4,100,000
Non-current liabilities			
Long-term borrowings			
Deferred tax liabilities (Net)			
Long-term provisions	B	-	-
Total	B		
Current liabilities			
Short-term borrowings			
Trade Payables	4	51,590	76,780
Short-term provisions			
Other Current Liabilities	5	-	-
Total	C	51,590	76,780
Total	(A+B+C)	4,151,590	4,176,780
ASSETS			
Non-current assets			
Fixed assets			
Cost of Stock			
Less: Accumulated depreciation / amortization			
Net Book Value			
Capital work-in-progress			
Total	A		
Invested tax assets (Net)			
Long-term loans and advances			
Non-current investments			
Other Non-Current Assets			
Total	B		
Current assets			
Inventory			
Trade receivables			
Cash and cash equivalents	6	41,864	60,080
Other current assets	7	4,107,226	4,109,700
Total	C	4,151,590	4,176,780
Total	(A+B+C)	4,151,590	4,176,780

The Notes referred to above and the notes to accounts form an integral part of the Balance Sheet

For and on behalf of the Board of Directors of
VINNET LABORATORIES LIMITED

Gaddam Venkata Ramana
Director
(JIN00010375)

VINNET LABORATORIES LIMITED			
Profit and Loss Account for the Period ended			
(All amounts in Indian Rupees except for share data or otherwise stated)			
Name	2018-19	2019-20	
As at	Year Ended	Year Ended	
Mar 31, 2019	Mar 31, 2019	Mar 31, 2019	
INCOME			
Turnover (Gross)			
Revenue from operations			
Other Income			
Total Revenue			
EXPENDITURE			
Operating Expenses			
Personal Cost			
Administration expense			
Depreciation/amortization			
Total			
Profit / (Loss) before tax			
Profit before tax			
Provision for taxation			
- Current Year Tax			
- Deferred tax			
Total tax expense			
Profit / (Loss) from continuing operations			
Balance brought forward from previous year			
Balance carried to Balance Sheet			
Earnings per share			
Weighted Number of Shares	410,000	410,000	
Net Profit	10	10	
Net Profit	10	10	

The Notes referred to above and the notes to accounts form an integral part of the Profit and Loss Account

For and on behalf of the Board of Directors of
VINNET LABORATORIES LIMITED

Gaddam Venkata Ramana
Director
(JIN00010375)

VINNET LABORATORIES LIMITED			
Notes to Accounts			
(All amounts in Indian Rupees except for share data or otherwise stated)			
	2018-19	2019-20	
	As at	As at	
	Mar 31, 2019	Mar 31, 2019	
Note 1: Share Capital			
Authorized			
41,000 Equity Shares of Rs.10/- each	4,100,000	4,100,000	
Issued, Subscribed and Paid up			
41,000 Equity Shares of Rs.10/- each	4,100,000	4,100,000	
Terms/Conditions of shares			
Terms/Conditions of shares			
100% of shares issued during the year	-	10,000	
100% of shares issued during the year	-	10,000	
100% of shares issued during the year	-	10,000	
Terms/Conditions of equity shares			
The company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share.			
In the event of liquidation of the company, the holders of equity shares will be entitled to receive (pending expiry of the company, after distribution of all preferential amounts, the distribution will be in proportion to the number of equity shares held)			
Details of Shareholders holding more than 10% shares			
Equity Shares	No of Shares	No of Shares	
Shareholders holding more than 10% shares of the company			
Gaddam Venkata Ramana	10,000	10,000	
Gaddam Venkata Ramana	10,000	10,000	
Aluri Venkata Ramana	10,000	10,000	
Aluri Venkata Ramana	10,000	10,000	
A. Srinivasan Reddy	10,000	10,000	
B. Satyanarayana Raja	10,000	10,000	
P. Venkata Ramana	10,000	10,000	
M. Venkata Ramana	10,000	10,000	
P. Venkata Ramana	10,000	10,000	
Note 2: Reserves and Surplus			
General Reserve			
Balance as per last account			
Capital Reserve			
Provision of shares in Capital Reserve			
Profit & Loss A/c Surplus			
Balance as per last account			
Less: Loss Adjusted in Account of Capital Reserve			
Adjusted during the year			



VINEET LABORATORIES LIMITED
Notes to Accounts
(All amounts in Indian Rupees except for share data or otherwise stated)

	2019-20 As at Sep 30, 2019	2018-19 As at Mar 31, 2019
Note 4 Trade Payables		
M M Reddy & Co	25,000	23,600
SR Reddy & Co	27,990	8,700
Vendor Capital and Corporate Investment Pvt Ltd	-	42,600
	52,990	74,900
Note 5 Other Current Liabilities		
Ortin Laboratories Ltd-Unb-II	-	-
Note 6 Cash and cash equivalents		
Cash in hand	36,300	36,300
Balance with scheduled banks	-	-
On current accounts	7,474	32,690
On deposit accounts	43,004	69,660
Note 7 Other current assets		
Central Depository services Ltd	9,000	9,000
National Security Depository Services Ltd	9,000	9,000
Ortin Laboratories Ltd-Unb-II	3,713,500	3,726,000
Misc Expense asset	-	-
Preliminary Expense		
Chartered Fees-CA, NSDL, MCA, INCX	36,000	36,000
Investigation Expense Misc Asset	27,110	27,110
Office Maintenance Misc Expense/Asset	5,400	5,400
Printing & Stationery Misc Asset	5,640	5,640
Professional Charges- Misc Asset	90,840	92,720
Audit Fees	43,000	43,000
Bank Charges	126	310
MCC Filing	19,250	10,750
	4,107,226	4,108,930



The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI. Further, our examination did not extend to any other parts and aspects of a legal and proprietary nature in the Scheme.

6. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this certificate, will extend any duty of care that we may have in our capacity of the Statutory Auditors of any financial statements of the Amalgamating Company.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on the examination and according to the information and explanations given to us, we are of the opinion that, the accounting treatment proposed to be followed by the Company as stated at Paragraphs 7 & 8 of the Scheme, is in conformity with the applicable Indian Accounting Standards notified under section 133 of the Companies Act, 2013, read with rules made thereunder and other generally acceptable accounting principles in India, as applicable.

Restrictions on use

9. This certificate is addressed to and provided to the Board of Directors of the Company solely for the purpose of onward submission of the Draft Scheme to the Honorable National Company Law Tribunal, and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For M M Reddy & Co.,
Chartered Accountants
Registration No: 178
M Madhusudhana Reddy
Partner
Membership No: 215077
Place: Hyderabad
Date: 13.09.2019

MATHESH & RAMANA
CHARTERED ACCOUNTANTS

To,
The Board of Directors,
Ortin Laboratories Limited,
U. No. 12-50179, Girard Road,
Sona N. A. (Lagan Metal Colony),
New Bata Ind Empire, Domakurthi,
Hyderabad, Telangana - 500 820

We, the statutory auditors of M/s. Ortin Laboratories Limited (hereinafter referred to as "the Company"), have examined the proposed accounting treatment specified in clause 8 of the Draft Scheme of De-merger of M/s. Ortin Laboratories Limited. In terms of the provisions of section(s) 230 to 232 read with section 40 of the Companies Act, 2013 with reference to its compliance with the applicable Accounting Standards notified under the Companies Act, 2013 and other Generally Accepted Accounting Principles.

The responsibility for the preparation of the Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Accounting Standards as aforesaid, lies with the Board of Directors of the Company involved. Our responsibility is only to examine and report whether the Draft Scheme complies with the applicable Accounting Standards and other Generally Accepted Accounting Principles. Nothing contained in this Certificate, nor anything said or done in the course of, or in connection with the services that are subject to this Certificate, will extend any duty of care that we may have in our capacity of the statutory auditors of any financial statements of the Company. We carried out our examination in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes issued by the Institute of Chartered Accountants of India.

Based on our examination and according to the information and explanations given to us, we confirm that the accounting treatment contained in the aforesaid scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the PROSPECTUS of Amalgamated Ortin Laboratories Ltd. (CDD/IL/SC/00017) dated March 10, 2017 and all applicable Accounting Standards notified under section 133 of Companies Act read with paragraph 7 of Companies (Indian Accounting Standards) Rules, 2015 and other generally accepted accounting principles as applicable.

This Certificate is issued at the request of the M/s. Ortin Laboratories Limited pursuant to the requirements of clause inced under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to NCLT and the National Stock Exchange. This Certificate should not be used for any other purpose without our prior written consent.

For MATHESH & RAMANA
CHARTERED ACCOUNTANTS
R. V. RAMA SURESH
66 No. 32/85/1 New
Bata Ind Empire
(The Company)
Place: HYDERABAD
Date: 13.09.2019

E-mail: mathesh@rediffmail.com

R. V. RAMA SURESH
66 No. 32/85/1 New
Bata Ind Empire
(The Company)

R. V. RAMA SURESH
66 No. 32/85/1 New
Bata Ind Empire
(The Company)

R. V. RAMA SURESH
66 No. 32/85/1 New
Bata Ind Empire
(The Company)

VALUATION REPORT

FOR

ORTIN LABORATORIES LIMITED

(OLL)

April 2019

1 | M Madhusudhana Reddy
Registered Valuer

Valuation Report, April 2019

M M REDDY & CO.,
Chartered Accountant

Phone : 040-65036097
Fax : 040-24798636
Mobile : 98462 71556
81770 40660

To,
The Board of Directors,
Vineet Laboratories Limited,
BY.No.11/AS, Babes Nagar,
Eshwaramma Nityam, Chinnal Krupa,
1/B Nagar, Hyderabad, Telangana, India.

Auditor's Certificate on accounting treatment in the Draft Scheme of Arrangement

1. The Management of M/s Vineet Laboratories Limited (hereinafter referred to as "the Resulting Company" standing to file the Draft Scheme of Arrangement in the matter of De-merger and Transfer of De-merged Undertaking between Ortin Laboratories Limited (De-merged Company) and Vineet Laboratories Limited (Resulting Company) and their respective Shareholders and Creditors (hereinafter referred to as "the Draft Scheme") for the De-merger to Transfer of the De-merged Undertaking of De-merged Company to the Resulting Company in terms of the provisions of Sections 230 to 232 of the Companies Act, 2013 ("the Act") and other applicable provisions of the Act. The Draft Scheme has been approved by the Board of Directors of Company at the meeting held on 15.09.2019 and is subject to the approval of the Honorable National Company Law Tribunal, Hyderabad.

2. We have been requested by the Management of the Company to examine and certify that the proposed accounting treatment specified in Paragraphs 7 and 8 of Part II of the aforesaid Draft Scheme, duly stamped and initiated by us for submission purpose, is in compliance with the applicable Indian Accounting Standards read with the rules made there under and other Generally Accepted Accounting Principles.

Management responsibility

3. The Management is responsible for the preparation of the above said Draft Scheme and its compliance with the relevant laws and regulations, including the applicable Indian Accounting Standards read with the rules made there under and other Generally Accepted Accounting Principles as aforesaid.

4. The Management is also responsible for the maintenance of proper books of account and such other relevant records as prescribed by applicable laws, which includes collecting, collating and validating data and designing, implementing and monitoring of internal controls relevant for the preparation of the Draft Scheme and ensuring compliance with the applicable regulations.

5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2010) ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI").

6. We confirm that the accounting treatment contained in the aforesaid Draft Scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the PROSPECTUS of Amalgamated Ortin Laboratories Ltd. (CDD/IL/SC/00017) dated March 10, 2017 and all applicable Accounting Standards notified under section 133 of Companies Act read with paragraph 7 of Companies (Indian Accounting Standards) Rules, 2015 and other generally accepted accounting principles as applicable.

7. We confirm that the accounting treatment contained in the aforesaid Draft Scheme is in compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per the PROSPECTUS of Amalgamated Ortin Laboratories Ltd. (CDD/IL/SC/00017) dated March 10, 2017 and all applicable Accounting Standards notified under section 133 of Companies Act read with paragraph 7 of Companies (Indian Accounting Standards) Rules, 2015 and other generally accepted accounting principles as applicable.

8. This Certificate is issued at the request of the M/s. Ortin Laboratories Limited pursuant to the requirements of clause inced under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for onward submission to NCLT and the National Stock Exchange. This Certificate should not be used for any other purpose without our prior written consent.

For M M Reddy & Co.,
Chartered Accountants
Registration No: 178
M Madhusudhana Reddy
Partner
Membership No: 215077
Place: Hyderabad
Date: 13.09.2019

Ortin Laboratories Limited
Strictly private and confidential

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1 | M Madhusudhana Reddy
Registered Valuer

Valuation Report, April 2019

Ortin Laboratories Limited *Strictly private and confidential*

I. Introduction

History

Ortin Laboratories Limited (OLL) was originally incorporated in India under the Companies Act, 1956 with Registration No.L2410(W)1981PL1008452 at M/s. Orth Laboratories Limited on October 27, 1986 with Registrar of Companies, Telangana at Hyderabad. The Registered Office of Company is situated at D. No: 1-2-50/26, Ground Floor, Street No.4, Gajrabhadr Colony, Near Balaji Temple, Domotiguda, Hyderabad, Telangana, 500029.

Ortin Laboratories Limited (OLL) a Trusted Reference for Quality and offer Quality Drugs and Medicines to the suffering mankind. Company Formulations unit is located in a spacious area of 27000 sq feet with all ultra-modern infrastructures as per the WHO GMP Standards to manufacture the complete range of Pharmaceutical Formulations of TABLETS, CAPSULES, SYRUPS, and DROPP POWDERS.

In the year 2018, M/s Vinona Laboratories Private Limited has been merged with Ortin, Vinona Laboratories is an established Drug Intermediate manufacturing unit, majority involved in the preparation of intermediates for ANTIRETRO VIRALS and LIPID LOWERING AGENTS which is located in Chintalapudi, Nalgonda District. The manufacturing unit is a complete Production Blocks, Quality Control, R & D and Quality Assurance. The production blocks are well equipped with multipurpose SS and GLASS-LINED REACTORS.

Company Drug API Intermediates manufacturing unit has been certified as an ISO 9001:2008 agencies by Dr Noorke VERITAS. The standards for its quality systems management which shows the quality conscious to deliver best quality products.

Company Formulations unit has been certified as a WHO - GMP certified company and an ISO 9001:2008 Company by the Internationally Recognized Quality Management Certification Body, the BSI/BSI and Accredited by AAO-BMI, USA in pursuance of its focus towards Quality with its Policy to enhance customer satisfaction by providing Quality Pharmaceutical Formulations at optimum cost and maintain profitability through consistent improvement of Quality Management Systems and cGMP.

Company marketing its formulations all over India and its products has been well accepted by the medical profession. Company featured as a registered Supplier of Drugs & Medicines with the most reputed Central, State & Quasi-Government Organizations & Institutions of our Country.

The Company is listed in Bombay Stock Exchange and National Stock Exchange of India.

2 M Madhusudhana Reddy
Registered Valuer



Valuation Report, April 2019

Ortin Laboratories Limited *Strictly private and confidential*

The shareholding pattern of OLL as at 31st December, 2018 is as under:

Category of shareholder	No. of fully paid up equity shares held	Shareholding as a % of total no. of shares
Promoter & Promoter Group	59,61,366	34.84%
Public	1,10,79,034	65.16%
Shares underlying DRs	-	-
Shares held by Employees Trust	-	-
Non Promoter-Non Public	-	-
Total	169,40,400	100.00%

Valuation data& Source of Information

The date of demerger of UNITE-II (API Intermediates & Bulk Drug Manufacturing Unit) of OLL (Demerger Company) is considered as December 31, 2018. In order to demerger the exchange ratio prior to demerger was agreed to value UNITE-II and OLL as on December 31, 2018. The key presentation provided by the management for the purpose of valuation analysis is that the audited financial statements for the year ended March 31, 2018 and unaudited financial statements for the year ended December 31, 2018 are accurate and there will not be any material difference between these estimated accounts and actual figures. In addition to these, we have provided the following other information for our valuation analysis.

- 1) Audited financial statements of OLL for the years ended March 31, 2018.
- 2) Unaudited financial statements of OLL for the year ending December 31, 2018
- 3) Projections of both Units of the Company including profit & loss account, balance sheet and cash flow analysis for the financial year ending March 31, 2019 to 2023.
- 4) Information on business and profile provided by the management of OLL.

We have also obtained necessary explanations and information, which we believed were relevant to the present exercise, from the executive and representatives of OLL. It may be mentioned that OLL has been provided opportunity to review the draft report (including our valuation analysis and recommendation) for the current job as part of our standard practice to make sure that factual inaccuracies are avoided in our report.

6 M Madhusudhana Reddy
Registered Valuer



Valuation Report, April 2019

Ortin Laboratories Limited *Strictly private and confidential*

Upon merger of M/s. Vinona Laboratories Pvt Ltd into the Company operating both divisions (i.e. formulations/tablets in Unit I, and API/Intermediates in Unit II) under one Company. Now the both units are functioning well and running successfully.

Considering the business opportunities and market regulations prevalent in the Pharma Industry, the company now intends to demerge the both units and run under two separate entities. It will give both quality compliance and acquire the market regulatory compliances for its products. Accordingly we are now valuing the both units to demerge into separate entities.

Our Values

OLL adheres to various procedural checks and controls to ensure that the Product is of the required Quality. This is by company Quality Assurance Department which is well equipped with the latest Analytical Instruments. OLL have laid down various in-house and Pharmacopoeia Specifications for each step from the testing of Raw Material to Finished Products. It has streamlined and validated all our systems like water supply, procurement of specific ingredients, quality testing, manufacturing procedures, cleaning procedures etc.

All the crude drugs are tested for Microscopic & Macroscopic specifications, Physicochemical Screenings for the presence of Activity Secondary Metabolites viz. Alkaloids, Tannins, Flavonoids etc., and alcohol, water soluble extract, Ash values and Volatile substances. Extracts are tested for description, pH, water soluble extract etc. All the finished products viz. Tablets, Capsules, Sympns, Powders and Ointments are tested for average weight, disintegration time, diameter, moisture, moisture, color sedimentation, water, pH, clarity etc. OLL has separate Microbiological Laboratory for testing the Microbial contamination in all the Products.

To ensure quality, our Quality Control Department is well equipped with most sophisticated, ultra-modern chemical, micro-biological and state-of-the-art instrumentation lab and we have modern instruments like: Gas Chromatography, HPLC, FTIR, UV Spectrophotometer, Photo Fluorometer, Dissolution Apparatus, Karl Fischer Titrator, Humidity Control Oven, Colony Counter, D.L. Apparatus, Fumigater, Friendly Apparatus, LR, Moisture Balance, Incubator, Leaking Test Apparatus, Pulvisometer, pH Meter, Refractometer, Zone Reader, Autoclave, Centrifuge Machine etc.

OLL has met GMP(Good Laboratory Practices) standards with the stringent quality control systems as per the rules and regulations of the pharmaceutical systems.

4 M Madhusudhana Reddy
Registered Valuer



Valuation Report, April 2019

Ortin Laboratories Limited *Strictly private and confidential*

II. Business Overview

Financial Information
The key financial items of OLL for the year ended 31st December 2018 and 31st March 2018 are shown below:

Key Financial Information: Profit and Loss Account (consolidated) (Rs. in lakhs)

Particulars	As at 31.12.2018	% of Income	As at 31.03.2018	% of Income
Gross Sales Revenue	12049.50	100.00%	4167.52	100.00%
Cost of Sales	9610.70	79.51%	3215.13	77.15%
Employee benefit expense	288.14	2.38%	332.28	4.15%
Marketing & Admin. Exp.	1733.03	14.51%	1435.84	17.65%
EBIDTA	387.64	3.28%	585.25	7.33%
Depreciation & Amortization	131.03	1.08%	148.55	1.88%
Finance Charges	231.73	1.92%	348.66	4.30%
PBT	24.28	0.20%	68.04	0.84%
Tax Expenses	80.49	0.67%	6.11	0.07%
PAT	-46.28	-0.38%	67.92	0.84%

Source: Audited financial statements of OLL.

Key Financial Information: Balance Sheet (consolidated) (Rs. in lakhs)

Particulars	As at 31.12.2018	% of Assets	As at 31.03.2018	% of Assets
Source of Funds				
Share Capital	1694.04	53.10%	1694.04	52.47%
Reserves & Surplus	1467.56	20.92%	713.27	22.28%
Loan Funds	190.89	3.96%	148.26	4.63%
Deferred tax	299.04	4.37%	252.92	7.89%
Other Non Current Liabilities	238.61	3.61%	395.11	12.33%
Total	3190.14	100.00%	3304.10	100.00%
Application of Funds				
Fixed Assets (net block)	2081.38	65.24%	2007.40	62.53%
Capital W/P	16.77	0.52%	40.21	1.22%
Investments	7.92	0.25%	7.84	0.24%
Other Financial assets	104.81	3.29%	93.28	3.10%
Other Non Current assets	21.11	0.66%	11.91	0.37%
Net Current Assets	958.15	30.03%	1041.45	31.35%
Total	3190.14	100.00%	3304.10	100.00%

Source: Audited financial statements of OLL.

7 M Madhusudhana Reddy
Registered Valuer



Valuation Report, April 2019

Ortin Laboratories Limited *Strictly private and confidential*

In a nutshell, the key elements of Company Quality Assurance System are:

1. Leadership
2. Training
3. Design, Construction & Installation
4. Formal Codes, Specifications and Standards
5. Written Procedures
6. Validation
7. House Keeping, Pest Control, Sanitation and Maintenance
8. Starting materials
9. Manufacturing operations
10. Parking Operations
11. Handling & Storage of Finished Products
12. Laboratory Control
13. Process Control
14. In-Process and Finished Product release and control
15. Records
16. Self-Improvement Program
17. Complaints
18. Quality System Results tracking and improvement

Key Managerial Personnel who are contributory to growth of OLL as follows

Full Name	DIR / PAN	Designation
Gundamrithika Ramana	00031873	Managing Director
Shahini Reddykumbhina Purandharan Rao	00294746	Director
Mazali Krishna Murthy Sanka	00840652	Managing Director
Mohan Krishna Murthy Sanka	00546705	Wholesale Director
Bakshi Venkateswarlu Sanka	02010148	Director
Srinivas Kumar Sanka	02010272	Wholesale Director
Satyamanyaya Raju Bhupathiraju	02697886	Wholesale Director
Satyamanyaya Raju Bhupathiraju	ACE6900098	CPJ(MMP)
Kavayee Pradyumna Teja	03027403	Director
Debnagan Trivikornthillera	00715818	Director
Dipak Reddy Bhosareddy	00716560	Director
Pratiksha Uma Sangeetha	09528329	Director
Shwari Swagati Shinde	CXV9K1282N	Company Secretary

5 M Madhusudhana Reddy
Registered Valuer



Valuation Report, April 2019

Ortin Laboratories Limited *Strictly private and confidential*

Financial Analysis

We have carried out a financial analysis of the audited financial statements for the year ended 31st December 2018 and the audited financial statements for the year ended 31st March 2018. OLL's performance mainly depends on sale of formulations and API Intermediates.

Total revenue for the fiscal year Dec 2018 was Rs.12049.50 lakhs as compared to fiscal year March 2018. Total revenue for the fiscal year March 2018 was Rs.4167.52 lakhs.

Cost of Sales is Rs.9610.70 lakhs (79.81% of sales) in the year Dec 2018 as compared to Rs.3215.13 lakhs in fiscal year March 2018 (77.15% of sales) and includes cost of raw materials, cost of services, production staff costs, consumables, wages and other direct expenses.

General Administrative Expenses were Rs.1733.03 lakhs (4.31% of sales) in year Dec 2018 as compared to Rs.1435.84 lakhs (3.45% of sales) in Year March 2018. They include employee costs, traveling and communication expenses, employee welfare expenses, professional charges and other office maintenance expenses.

Employee Benefit Expenses were Rs.288.14 lakhs (2.38% of sales) for year Dec 2018 as compared to Rs.332.28 lakhs (4.19% of sales) in year March 2018.

Operating profits (EBIDTA) of Rs. 387.64 lakhs (3.28% of sales) in the year Dec 2018 as compared to Rs.585.25 lakhs (7.33% of sales) in Year March 2018.

Depreciation & amortization in year Dec 2018 was Rs.131.03 lakhs (1.08% of sales) as compared to Rs.148.55 lakhs (3.61% of sales) in year March 2018.

Finance charges in year Dec 2018 were Rs.231.73 lakhs (1.92% of sales) as compared to Rs.348.66 lakhs (4.30% of sales) in year March 2018.

Tax expenses include current income tax, fringe benefit tax and deferred tax. For the year Dec 2018, Provision for tax was Rs.80.49 lakhs (0.67% of sales) as compared to Rs.6.11 lakhs in year March 2018.

Profit after Tax in year Dec 2018 is -46.28 as compared to Rs.67.92 lakhs (0.84% of total income) in year March 2018.

8 M Madhusudhana Reddy
Registered Valuer



Valuation Report, April 2019

Ortin Laboratories Limited *Strictly private and confidential*

Financial Projections
The financial projections for the year ended 31st March 2019 to 31st March 2023 for the both divisions are shown below:

Projections of UNIT-I (Formulations Unit):

	2018-19	2019-20	2020-21	2021-22	2022-23
Income	868.12	929.33	1,068.73	1,229.04	1,413.40
Expenditure					
1. Operating Cost	468.10	469.31	535.71	626.67	713.77
2. Direct expenses	16.37	41.82	48.06	55.31	63.60
3. Personnel expenses	68.49	78.99	90.84	104.47	120.14
4. Sales & Marketing Exp.	7.42	2.76	3.21	3.66	4.24
5. Admin. Expenses	40.41	46.47	53.04	61.45	70.67
6. Other Expenses	121.22	139.40	160.31	184.35	212.01
Total Expenditures	677.30	778.78	865.60	1,029.94	1,184.43
Profit before Dep, Interest & Tax	130.91	150.55	173.13	199.18	228.97
Depreciation	31.54	31.54	21.54	21.54	21.54
Profit before Interest & Tax	149.38	129.02	151.60	177.57	207.43
Finance Cost	16.43	85.80	81.13	84.30	83.83
Profit before Taxation	22.92	43.21	66.46	93.07	123.58
Provision for taxation	6.88	12.96	18.93	27.92	37.07
Profit after Tax	16.66	30.25	46.51	65.15	86.51

Source: provisional financial statements of UNIT-I

Projections of UNIT-II (API Intermediaries & Bulk Drug Manufacturing Unit)

	2018-19	2019-20	2020-21	2021-22	2022-23
Income	11,950.23	12,554.04	15,191.74	15,890.63	16,832.87
Expenditure					
1. Operating Cost	9,624.77	10,106.90	10,811.39	11,141.87	11,698.96
2. Direct Expenses	397.81	627.70	859.09	692.04	726.64
3. Personnel Exp.	239.12	251.08	263.63	276.82	290.66
4. Sales & Marketing Exp.	119.56	125.54	131.52	138.41	145.32
5. Admin. Expenses					

12 M Madhusudhana Reddy
Registered Valuer

Ortin Laboratories Limited *Strictly private and confidential*

Method 1: Net Asset Value Method (NAV)

In order to assess the NAV of UNIT-I, we have used the Audited financial statements of two units for the year ended 31st Dec 2018. The value arrived under this approach using the shareholders' basis of Net Assets owned by the business as at 31st Dec 2018 is Rs.23.14 lakh.

PARTICULARS	Rs. In Lakhs	Rs. In Lakhs
Fixed Assets (Tangible and Intangible)		
Capital work in progress	1,525.28	
Total fixed assets (Net)		1,525.28
Investments		0.26
Non Current assets		2.09
Other Financial assets		0.10
Current assets		
Net Current assets	(122.94)	
Total Assets		1,402.69
Borrowings		
Secured Loans	80.37	
Un Secured Loans	34.67	
Deferred tax liability	345.32	
Total borrowings		264.56
Net worth - unadjusted		1,138.03
Loss Contingent liabilities		
Loss Misc. expenses/provide		1,008.93
NET ASSET VALUE		29.10

Source: Audited financial statements of UNIT-I

Method 2: Discounted Cash Flow Method (DCF)

Estimated Free Cash Flows:

For the purpose of valuation exercise, we have considered a seven years projected period i.e. from the financial year 2019 to 2023.

The cash flow projection on a free cash flow to equity (FCFE) basis is summarized below:

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Registered Valuer

Ortin Laboratories Limited *Strictly private and confidential*

	2018-19	2019-20	2020-21	2021-22	2022-23
Income	956.50	1,004.32	1,054.54	1,107.27	1,162.61
Other Expenses	110.56	125.54	131.82	138.41	145.33
Total Expenditure	11,673.32	12,246.11	12,852.20	13,484.81	14,095.55
Profit before Dep, Interest & Tax	299.91	313.85	329.54	346.02	363.32
Depreciation (SLM)	109.50	109.50	109.50	109.50	109.50
Profit before Interest & Tax	189.41	204.35	220.05	236.52	253.82
Finance Cost	137.87	137.87	137.87	137.87	137.87
Profit before Taxation	51.54	66.48	82.18	98.65	115.95
Provision for taxation	33.40	38.78	44.43	50.36	56.59
Profit after Tax	18.14	27.71	37.75	48.29	59.37

Source: provisional financial statements of UNIT-II

III. Valuation Analysis

Valuation Methodology

Valuation of the enterprise or its equity shares is not an exact science and ultimately depends upon what is worth to a serious investor or buyer who may be even prepared to pay goodwill. This exercise may be carried out using generally accepted methodologies, the relative emphasis of each often varying with the factors such as:

- Specific nature of the business,
- Liquidity and stability of the equity,
- Economic life cycle in which the industry or the company is operating and
- Extent to which and comparable company information is available.

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer. In respect of going concerns, certain valuation techniques have evolved over time and are commonly in vogue. In this regard, we have evaluated suitability of four commonly used approaches of valuation to determine the fair value of two companies. After arriving at the value based on appropriate methods, we have assigned weights to these methods to determine the fair value for the two divisions.

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Registered Valuer

Ortin Laboratories Limited *Strictly private and confidential*

Particulars	2019	2020	2021	2022	2023
Free Cash Flow	122.90	127.97	148.74	147.77	169.10
Year	1	2	3	4	5
Disc Factor	0.8929	0.7992	0.7118	0.6353	0.5674
Present Value of Cash Flows	109.73	102.82	105.87	93.91	96.84

Source: Provisional financial statements of UNIT-I

Valuation assumptions

Discounting factor

The discounting factor considered for arriving the present value of the free cash flows to the equity is cost of equity, since the free cash flows to equity shareholders are estimated. The cost of equity computed using the Capital Assets Pricing Model (CAPM) using the formula:

$$K_e = r_f + \beta(r_m - r_f)$$

where
 K_e = Cost of Equity
 r_f = Risk Free Return
 r_m = Market Price of Return and
 β (beta) = Measure of Market Risk

Risk free rate of return has been estimated on 10 year Indian Government bond yield, market return is based on the return from Indian stock market index over a long term historical period and beta coefficient is based on companies stock being traded in Bombay Stock Exchange against the Sensex for the last year. Based on the above we have worked out the discount factor for UNIT-I as 0.56. The calculations of discounting factor are given below:

Risk free rate of return	8.30%
Beta	1.00
Market rate of return	12.00%
Cost of Debt	13.50%
Discounting Factor (Terminal Value)	0.56

Terminal Value

The terminal value refers to the present value of the business as a going concern basis beyond the period of projections up to perpetuity. This value is estimated taking into business growth rate as well estimated growth rates of the industry and economy. Based on the factors specific to the company as mentioned above, the free cash flow to the equity shareholders after considering all terminal value is Rs. 1,09,13 lakh.

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Ortin Laboratories Limited *Strictly private and confidential*

Method 1: Net Asset Value Method (NAV)

The value arrived at under this approach is based on the audited financial statements of the business and may be defined as Shareholder's Fund or Net Assets owned by the business. The Net Asset Value is generally used as the minimum break-up value for the transaction. This methodology calculates the underlying net assets of the business, either on a book value basis or realizable value basis or replacement cost basis. We have used the book value basis to estimate the value of two units.

Method 2: Discounted Cash Flow Method (DCF)

The DCF method uses the future free cash flows of the business discounted by the weighted average cost of capital to arrive at the present value. In general, the DCF method is a strong and widely accepted valuation tool as it concentrates on cash generation potential of a business, considering that this method is based on future potential and is widely accepted, we have included this approach in the valuation exercise.

Using the DCF analysis involves determining the following:

Estimating future free cash flows:

Free cash flows are expected to be generated by the company that is 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 share holders and Lenders), weighted by their relative contribution to the total capital of the company. The opportunity cost to the equity capital provider equals the rate of Return the capital provider expects to earn on other investments of equivalent risk.

To the values so obtained from DCF analysis, the amount of loans has to be adjusted to arrive at the total value available to the equity shareholders. The total value for equity shareholders is then divided by the total number of equity shares in order to work out the value per equity share of the company.

Valuation Analysis: UNIT-I

We have carried out the valuation analysis as described above, based on the fundamental assumption of going concern for the business under consideration. The detailed analysis and the assumptions made these purposes are given below:

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Registered Valuer

Ortin Laboratories Limited *Strictly private and confidential*

Valuation Analysis: UNIT-II

We have carried out the valuation analysis as described above, based on the fundamental assumption of going concern for the business under consideration. The detailed analysis and the assumptions made these purposes are given below:

Method 1: Net Asset Value Method (NAV)

In order to assess the NAV of UNIT-II, we have used the Audited financial statements of the quarter ended 31st Dec 2018. The estimated value arrived under this approach using the shareholders' basis of Net Assets owned by the business as at 31st Dec 2018 is Rs.2427.42 lakhs.

PARTICULARS	Rs. In Lakhs	Rs. In Lakhs
Total fixed assets		
Capital work in progress	1,607.06	
Total fixed assets (Net)		1,608.43
Investments		7.84
Non Current assets		19.05
Other Financial assets		71.41
Current Assets		
Net Current assets		1,184.00
Total Assets		2,861.11
Borrowings		
Secured Loans	110.95	
Un Secured Loans	278.63	
Deferred tax liability	149.32	
Total borrowings		538.89
Net worth - unadjusted		2,427.42
Loss Contingent liabilities		-
Loss Misc. expenses		27.56
NET ASSET VALUE per share (NSE)		27.56

Source: Audited financial statements of UNIT-II

Method 2: Discounted Cash Flow Method (DCF)

Estimated Free Cash Flows:

For the purpose of valuation exercise, we have considered a Seven years projected period i.e. from the financial year 2019 to 2023.

The cash flow projection on a free cash flow to equity (FCFE) basis is summarized below:

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Registered Valuer

Ortin Laboratories Limited *Strictly private and confidential*

Particulars	Projected as on 31 st March				
	2019	2020	2021	2022	2023
Free Cash Flow	29.81	150.65	109.81	163.90	115.20
Year	1	2	3	4	5
Disc Factor	0.8929	0.7922	0.7118	0.6355	0.5674
Present Value of Cash Flows	26.42	120.10	135.19	104.16	65.74

Source: Provisional financial statements of UNIT-II

Valuation assumptions

Discounting factor

The discounting factor considered for arriving the present value of the free cash flows to the equity is cost of equity, since the free cash flows to equity shareholders are estimated. The cost of equity computed using the Capital Assets Pricing Model (CAPM) using the formula;

$$K_e = r_f + \beta(r_m - r_f) \text{ where}$$

K_e = Cost of Equity
 r_f = Risk Free Return
 β = Market Price of Return and Beta
 r_m = Measure of Market Risk

Risk free rate of return has been estimated on 10 year Indian Government bond yield, market return is based on the return from Indian stock market index over a long term historical period and beta coefficient is based on companies stock being traded in Bombay Stock Exchange against the Sensex for the last year. Based on the above we have worked out the discount factor for UNIT-II as 0.56. The calculations of discounting factor are given below:

Risk free rate of return	8.30%
Beta	1.00
Market rate of return	12.00%
Cost of Debt	13.50%
Discounting Factor (terminal Value)	0.56

Terminal Value

The terminal value refers to the present value of the business as a going concern beyond the period of projections up to perpetuity. This value is computed using the business growth

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Registered Valuer

Ortin Laboratories Limited *Strictly private and confidential*

rates as well estimated growth rates of the industry and economy. Based on the figures specific to the company as mentioned above, the free cash flow to the equity shareholders after considering all terminal value is Rs.728.19 lacs.

Exchange Ratio

We have assigned weights to NAV & DCF methods to arrive at the average values of equity share of the Unit-I and UNIT-II. We have given the Net Asset Value method a weight of 25% as both the Units and 75% weights gives for Discounted Cash Flow method as while it takes into consideration future business potential, it is based on forecast.

Particulars	UNIT-I		UNIT-II	
	Value of the Business	Weight	Value of the Business	Value of the Business
Net Assets Value method	6.25	26.50	7.27	6.27
Discounted Cash Flow method	1,424.09	1,008.01	0.75	807.14
Value of the Business	1.00	1,075.30	1.00	1,287.21
No. of equity shares outstanding		81.51		88.89
Value per share		13.22		14.61

Based on our valuation of both Units and on a consideration of all the relevant factors and circumstances as discussed and outlined hereabove, upon advice become effective the share holder of 100 equity shares of the nominal value of Rs. 10/- each in OLL will get 48 equity shares of nominal value of Rs.10/- each in OLL (Demerger Company) and 52 equity shares of the nominal value of Rs.10/- each in (Resulting Company) API Intermediaries & Bulk Drug Manufacturing Unit(s).

IV. Conclusion

Effective date of Valuation:

The effective date of valuation is December 31, 2018.

Standard Definition of Value:

The Standard of Value is "Fair Market Value". As defined by Statement on Standards for Valuation.

Services Issued by the ICAAP: "the Fair Market Value is"

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Registered Valuer

Ortin Laboratories Limited *Strictly private and confidential*

On the above evaluation, nothing has come to our attention to indicate that the information provided was materially misstated / incorrect or would not afford reasonable basis 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 terms of our engagement were such that we were entitled to rely upon the information provided by the companies without detailed inquiry. Also, we have been given to understand by the Management that they have not omitted any relevant and material facts. Our conclusions are based on these assumptions, forecasts and other information given by/on behalf of the companies.

No investigation of the companies claim to title of assets has been made for the purpose of this review 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 books disclosed in the accounts. Therefore, no responsibility is assumed for matter of a legal nature.

We have not conducted or provided an analysis or prepared a model for any asset valuation and have wholly relied on information provided by the companies in that regard.

We owe responsibility to only Board of Directors of OLL, which has retained us and nobody else.

We do not accept any liability to any third party in relation to the issue of this report.

CA, M Madhusudhana Reddy
Registered Valuer

Place: Hyderabad
Date: 13th April 2019.

Reg. No. BB/01/RV/05/2019/10954

18 M Madhusudhana Reddy
Registered Valuer

Valuation Report, April 2019

M. MADHUSUDHANA REDDY, B.Com., FCA, Cert. FV/D & IP
Insolvency Professional & Registered Valuer
(Reg. Under Insolvency & Bankruptcy Code 2016 with IBI) (Member of Financial Assets Reg. No. BB/01/RV/05/2019/10954)

The Manager
Listing Department,
National Stock Exchange of India Ltd./BSE Limited,
Mumbai.

Subj: Valuation Report of M/s. Ortin Laboratories Limited (OLL)

This has reference to the draft scheme arrangement (De-merger) filed with stock exchanges in the case of M/s. Ortin Laboratories Limited (OLL), we have provided the valuation report working, relative fair market value per share and fair exchange ratio in the following:

Computation of Fair Share Exchange Ratio:

Valuation approach	Formulation divisions (Unit-I)		Formulation divisions (Unit-II)	
	Value per share	Weight	Value per share	Weight
Net Assets Value method	0.09	25%	6.89	25%
Discounted Cash Flow method	13.13	75%	7.21	75%
Market Approach	-	-	-	-
Relative Value per share	13.22	100%	14.61	100%
Exchange Ratio			4.652	

a. Market approach is not applicable unit is scheme for De-merger. The trading price of the company can't be bifurcated between the Unit-I & Unit-II.
b. Detailed Valuation Report under Point III has specified Valuation Methodologies and Analysis.

Yours Faithfully,

CA, M Madhusudhana Reddy
Registered Valuer

Place: Hyderabad
Date: 13.04.2019

G-4, Anandra Vihar Opp. Tashik Injuria, Kulkarni Road, Sarangnagar, Hyderabad - 500082
Phone: 040-23448834, Mobile: +91 9948271555, E-mail: mreddyca@gmail.com

Ortin Laboratories Limited *Strictly private and confidential*

- The price, expressed in terms of cash equivalents
- At which property would change hands
- Between a hypothetical willing and able buyer and a hypothetical willing and able seller
- Acting in arms length in an open and unrestricted market,
- When neither is under compulsion to buy or sell and

When both have reasonable knowledge of the relevant facts

Premise of Value:

The Premise of Value is "as a going concern".

Our opinion of Fair Market Value relies on a "value in use" or "going concern" premise, which assumes that the Company is an ongoing business enterprise with management operating in a rational way with a goal of maximizing shareholder value.

The valuation assumes that the Company will continue to operate as a going concern, and that the character of its present business will remain intact.

The Income approach evaluates the value of the Company on the basis of its business stream and its ability to serve the demand

V. Scope of Limitations

Valuation analysis and results are specific to the purpose of valuation and the valuation date mentioned in the report as agreed per terms of its engagement. It may not be valid for any other purpose or as at any other date. Also, it may not be valid if done in total of any other entity.

Valuation analysis and results are also specific to the date of this report. A review of this nature involves consideration of various factors including those impacted by prevailing stock market trends in general and industry trends in particular. As such, our review results are, to a significant extent, subject to continuance of current trends beyond the date of the report. We, however, have no obligation to update this report for events, trends or transactions relating to the company or the market/industry in general and occurring subsequent to the date of this report.

In the course of the review, we were provided with both written and verbal information, including market, technical, financial and operating data. We have, however, evaluated the information provided to us by the companies through broad inquiry, analysis and review (but not have carried out a due diligence or audit of the company's financial and other data provided); management, we have not independently investigated or obtained any other data provided;

17 M Madhusudhana Reddy
Registered Valuer

QUINTESSENCE ENTERPRISES PVT. LTD.
SEBI Registered Category-1 Merchant Banker

The Board of Directors,
Ortin Laboratories Limited (OLL)
20, Sa. B-4 COLONY (GEM),
Opp. Barkhara Park,
Barkhara Hyderabad - 500022, Telangana

24.04.2019.

The Board of Directors,
Vissel Laboratories Limited
S.No. 11/AS, Subrah Nagar, Kuda-GILL,
Charli-Hydrabad, Telangana-500009,
1, B Nagar, Hyderabad Telangana - 500076

Re: Fairness opinion on the Equity Share Exchange ratio pursuant to the scheme of arrangement in the nature of De-merger and transfer of De-merged undertaking between Ortin Laboratories Limited (Demerged company) and Vissel Laboratories Limited (resulting company) and their respective shareholders and creditors for the proposed (transfer of OLL) into two cash and reduction of paid-up equity share capital of Ortin Laboratories Limited under Sections 230 to 237 read with Section 46, of the Companies Act, 2013 and applicable SEBI Guidelines, Regulations including ICDR Regulations, SCRR and the Circular No. CD/10/CA/2017/213 dated March 16, 2017, any subsequent amendments thereof ("SCRR Circular")

Dear Sirs,

We, Quintessence Enterprises Pvt. Ltd., ("QEPL"), refer to our earlier letter dated 13th April, 2019 which has been duly accepted by you by your mandate letter dated 20.04.2019, whereby you have appointed us as an Independent Merchant Banker for furnishing a "Fairness Opinion" as per SCRR Circular No. CD/10/CA/2017/213 dated March 16, 2017, for the proposed de-merger as per the Companies Act, 2013 as applicable to the company and shall include any statutory modifications, re-arrangement or amendment thereof from time to time.

CA, M Madhusudhana Reddy
Registered Valuer

Address Office: B-3 SAJJU, Plot No. 202, 3rd Floor, Golden Tower Apartments, Financial Colony, Hyderabad - 500 002.
Phone: 244 8888888, Mobile: 99 08907070, or 9908907070, or 9908907070, or 9908907070
Regd. Office: #B-20/21/17, Plot No. 20, 3rd Floor, No. 3, Barkhara Park, Hyderabad - 500 022
E-mail: quintessence@quintessence.in, Website: www.quintessence.in



Merchant Banker – Quintessence Enterprises Private Limited (QEP)
 QEP, formed in 1999, is a Category I Merchant Banking Company, based in Hyderabad, Telangana, having its regional office and Corporate office at 6-3-542/1, Plot No.50, 5th Floor, Golden Square Apartments, Tranzact Colony, Hyderabad – 500 082. Phone: 040 – 23380744

It is SEBI registered Merchant Banker with Registration Code: MH000011997 in terms of Regulation 16 of SEBI (Merchant Bankers) Regulations, 1992

Sources of Information

1. A copy of the Incorporation Certificate, Memorandum and Articles of Association of QEP.
2. A copy of the Incorporation Certificate, Memorandum and Articles of Association of VLL.
3. Audited financial statements of QLL for the years ended March 31, 2016, 2017, 2018 and unaudited financials upto 31st December, 2019
4. Audited Financial Statements of Vireet Laboratories Limited for the years 2016-17 and 2017-18
5. Proposals of both Units of the Company including profit & loss account, balance sheet and cash flow analysis for the financial years ending March 31, 2019 to 2023.
6. Valuation Report dated 13th April, 2019 by CA. M Madhusudhana Reddy Registered Valuer Reg. No. 1881/05/2019/0054 C.A. Jeevitha Vile opposite Yashoda Hospital, Kajinagar Road, Somajiguda, Hyderabad-52.

Background of the companies

ORTIN LABORATORIES LIMITED

(i) Ortin Laboratories Limited ("Demerged Company") was originally incorporated as a private limited company in the name and style "Ortin Laboratories Private Limited" on 21st day of October, 1986 under the provisions of the Companies Act, 1956 and subsequently converted into a Public Limited Company and the word "private" was deleted from the name of the Company on 28th January, 1995. The



(ii) The Demerged Company has presently 2 (two) Divisions namely Formulations Division and API Intermediate Division. The Formulations division is being operated through the Unit I located at Plot No.275 & 276, I.D.A Park, Mangalagiri, Madakurthi, Telangana and the API Intermediate division is being operated through the Unit II located at Sy. No.303, Mulapeta Village, Choutuppal Mandal, Nalgonda District, Telangana. With an objective of achieving operational efficiencies and strengthening its current structure, the Demerged Company proposes to Demerge the API Intermediate Division currently operating through the Unit II in the Resulting Company and the Demerged Company shall continue to carry on the Formulations Division Business.

(iii) In order to achieve efficiency of operations and management and with the intent of realigning the business operations consistent with the Demerged Company, the management of Demerged Company has decided to concentrate on, and strengthen its core competencies and have greater focus and create more value for the Formulations Division (as defined hereinafter), in the interest of maintaining the overall shareholder value by demerging the API Intermediate Division to the Resulting Company. The objectives that are intended to be achieved by undertaking the Demerge of the API Intermediate Division and the synergistic advantages that would accrue are, inter alia, as follows:

- a) The nature of risk and return involved in the business of API Intermediate Division is distinct from the Formulations Division. Hence, transfer of API Intermediate Division would enable both the divisions to run and operate independently and in a more objective manner so as to run more profitably and attract potential collaborators for the future growth and development of business by both the Resulting Company as well as the Demerged Company.
- b) The transfer and vesting of the demerged undertaking of the Demerged Company to the Resulting Company through this Scheme is with a view to enhance the economic value of both the Companies.
- c) The said transfer of Undertaking would provide greater flexibility and visibility on the operational and financial performance of both the divisions and would provide higher degree of transparency as well as accountability.

Fairness Opinion:

As per the valuer's report of the Registered Valuer CA M Madhusudhana Reddy registered number BVV/05/2019/10954 having his office at G-6, Jeevitha Vile, opposite Yashoda Hospital, Kajinagar Road, Somajiguda, Hyderabad-52 a shareholder of 100 equity shares of the nominal value of Rs. 10/- each in QLL will get 10 equity shares of nominal value of Rs.10/- each in QEP (Demerged Company/Unit II) and 52 equity shares of the nominal value of



Registered Office of the company is situated at D. No.3, 4-512/35 (42/467) Opp. Sakranga Park, Sakranga Hyderabad -500077, Telangana. The demerged company is engaged in the business of manufacturing complete range of pharmaceutical formulations, API intermediates, testing of chemicals, surgical and medicines. The Equity Shares of Demerged Company are listed and traded on BSE Limited ("BSE") having Security Code "532287" and National Stock Exchange of India Limited ("NSE") having Symbol "OETPLAB55". The Corporate Identity Number of the Company is L24119FT05969LC004085. The PAN of the Company is AAACD2401L.

The Demerged Company has presently 3 (three) Divisions namely Formulations Division and API Intermediate Division. The Formulations division is being operated through the Unit I located at Plot No.275 & 276, I.D.A Park, Mangalagiri, Madakurthi, Telangana and the API Intermediate division is being operated through the Unit II located at Sy. No. 303, Mulapeta Village, Choutuppal Mandal, Nalgonda District, Telangana. With an objective of achieving operational efficiencies and strengthening its current structure, the Demerged Company proposes to Demerge the API Intermediate Division currently operating through the Unit II to the Resulting Company and the Demerged Company shall continue to carry on the Formulations Division Business.

In the year 2011, Vireet Laboratories Private Limited (CIN U24227TG2009PTC044019 - transferor company) headed by Mr. G. Venkata Ramana, with all its assets and liabilities was merged with Ortin Laboratories Limited (CIN L24119FT05969LC004085 - transferee company) headed by Mr. G. Manoj Krishna Murthy, with a merger ratio 15:10, i.e. for every 10 equity shares held by a shareholder in Vireet Laboratories Private Limited, the shareholder of Vireet Laboratories Private Limited got 15 equity shares of Ortin Laboratories Limited. Now, the case set of promoters of Vireet Laboratories Private Limited, headed by Mr. G. Venkateshwarana who became promoters of Ortin Laboratories Limited by virtue of merger of Vireet Laboratories Private Limited with Ortin



Lab. In each (Resulting Company/Unit-III) (API Intermediate & Bulk Drug Manufacturing Unit).

We Quintessence Enterprises Private Limited have reviewed the Valuation Report and believe it to be fair and reasonable from financial and commercial point of view to the holders of the equity shares of the Company subject to our terms and disclosures.

Limitations and Caveats of the Fairness Opinion

1. It is the responsibility of the Board of Directors of the company for emitting compliance in accordance with the proposed proposal. Our role is to examine the Valuation carried out by the Registered Valuer and comment on the Fairness of same.
2. Our fairness opinion is based on the information made available to us by the management of QLL. Any subsequent changes to the financial and other information provided to us may affect the result of value analysis set out in this report. We have reviewed the information made available to us to the best of our consistency but have not carried out any detailed tests in the nature of audit to establish the accuracy of such statements and information. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of the company. Our Fairness Opinion should not be construed as an insurance, advice, specifically, we do not express any opinion on the suitability or otherwise of entering into the proposed transaction.
3. The information contained in this report is selective and is subject to updates, expansion, revision and amendment. It does not purport to contain all the information recipients may require. No obligation is accepted to provide information other than that which is specified.
4. In rendering this Opinion, QEP, has not provided legal, regulatory, tax, accounting or actuarial advice and accordingly QEP, does not assume any responsibility in respect thereof. Further QEP, has assumed that the proposal will be implemented on the terms and conditions as set out without any material changes to or waiver of its terms and conditions.



Laboratories Limited are becoming promoters of the resulting Company, i.e., Vireet Laboratories Limited. Post proposal demerge of the undertaking by Ortin Laboratories Limited and transfer of the undertaking to Vireet Laboratories Limited (resulting company) would be nothing but to and large the status quo ante prior to the earlier merger of Vireet Laboratories Private Limited (transferor company) with Ortin Laboratories Limited (transferee company) is maintained. After the amalgamation, Vireet Laboratories Limited was merged into Vireet Laboratories Limited and was struck off from the Register of Companies by the Registrar of Companies at Hyderabad.

VIREET LABORATORIES LIMITED

(i) Vireet Laboratories Limited ("Resulting Company") is a public limited company incorporated under the provisions of the Companies Act, 2013, on 10th day of November, 2016. (the promoters of the Company were able to get the name "vireet" which was merged with Ortin Laboratories Limited in 2011) and its registered office is situated at Sy.No. 113/A3, Sakranga Nagar, Madakurthi, Central Narta, Subaramma Nilayam, L & Nagar, Hyderabad Telangana – 500074. The Corporate Identity Number of Resulting Company is 92430W7201491C11388H. The objects of the Resulting Company enable it to carry on the business of manufacturing of bulk drug intermediates and API intermediates. The PAN of the Company is AARCV6644. The promoters of the Company are the same individuals and their family members of Vireet Laboratories Limited which was merged with Ortin Laboratories Limited in the year 2011.

Highlights of the Scheme

(i) This Scheme is presented under Section 230 to 232 read with Section 66 of the Companies Act, 2013 for transfer by way of demerge of the API Intermediate Division of the Demerged Company (defined as demerged undertaking) of the Demerged Company to a going concern to the Resulting Company and consequential restructure of the demerged company.



5. We further declare that we do not have any direct or indirect interest in the Companies / assets involved.
6. This report is intended only for the sole use and information of the company and its shareholders only in connection with the Demerge including for the purpose of obtaining judicial and regulatory approvals for the same.
7. We are not responsible in any way to any other person (party) for any decision of such person or party based on this report. Any person (party) involving in providing Finance / loan to the company / business of any of the companies or their subsidiaries / joint venture / associate 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.
8. It is hereby notified that any reproduction, copying or otherwise getting of this report or any part thereof, other than in connection with the proposal as aforesaid can be done only with our prior permission in writing.
9. Our analysis and results are also specific to the date of this report and based on information as at 31st December, 2018. An exercise of this nature involves consideration of various factors. This report is issued on the understanding that the Companies have drawn our attention to all the matters, which they are aware of concerning the financial position of the Companies, their businesses, and any other matter, which may have an impact on our opinion, on the Equity Share Exchange Ratio for the Proposed Demerge, including any significant changes that have taken place or are likely to take place in the financial position of the Companies or their businesses subsequent to the proposed Amalgamation Date for the proposal.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.





Ortin
LABORATORIES LIMITED

ANNEXURE 1

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	Nil
2.	Number of complaints forwarded to Stock Exchange	Nil
3.	Total Number of complaints/complaints received (1+2)	Nil
4.	Number of complaints resolved	N/A
5.	Number of complaints pending	N/A

Part B


Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Nil	N/A	N/A

For Ortin Laboratories Limited



S. Murali Krishna Murthy
Managing Director
DIN: 00549532

Copy & Regd. Office: Chennai-34-111/79 (8th/9th), The Rajkumar Park, Park Road,
Hyderabad-500 071, Telangana, India. Phone: +91 80 17542055 / +91 80 17577258
website: www.ortinlabs.com Email: info@ortinlabs.com
CIN: LK4310CL0089FO000885



Ortin
LABORATORIES LIMITED

Date: 07.06.2019

To,
National Stock Exchange of India Limited
(Exchange Plaza, Bandra Kurla Complex)
Number - 400031

Dear Sir/ Madam,

Sub: Scheme of arrangement under Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 between Ortin Laboratories Limited and Vineet Laboratories Limited and their respective shareholders and creditors.


Ref: Complaints Report under Regulation 37 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI Circular dated March 10, 2017 bearing reference CDO/DL/ICR/2017/71.

With reference to the subject cited, we hereby confirm that on the date of June 06, 2019, neither the Company nor its Registrar and Share Transfer Agent being M/s. Karvy Computations Private Limited at Karvy Salesman Tower 8, Plot No. 51-52, Gachibowli, Financial District, Hyderabad-500032, either directly or through the stock exchange i.e. SEBI, have received any complaint from any shareholder of the Company in connection with the aforesaid Scheme.

Consequently, in terms of Paragraph 1(a) (b) of Annexure II of the SEBI Circular, we are filing the Complete Report attached as Annexure I hereto, containing details of the complaints & comments received on the draft Scheme in the format prescribed in Annexure III of the SEBI Circular for the period between 10.06.2018 and 06.06.2019.

Request you to take the aforesaid information on record and to take necessary action in this regard.

For Ortin Laboratories Limited



S. Murali Krishna Murthy
Managing Director
DIN: 00549532

Encl: as above

Place: Bangalore Office - Floor No. 4-4, 11/79 (8th/9th), The Rajkumar Park, Park Road,
Hyderabad-500 071, Telangana, India. Phone: +91 80 17542055 and +91 80 17577258
website: www.ortinlabs.com Email: info@ortinlabs.com
CIN: LK4310CL0089FO000885



Ortin
LABORATORIES LIMITED

ANNEXURE 1

Period of Complaints Report
16.05.2018-06.06.2019

Part A

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

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
1.	Nil	N/A	N/A

For Ortin Laboratories Limited



S. Murali Krishna Murthy
Managing Director
DIN: 00549532

Date: 07.06.2019
Place: Hyderabad

ABRIDGED PROSPECTUS


Private & Confidential This Disclosure Document consists of 30 printed pages
14.01.2020
For shareholders of Ortin Laboratories Limited only

FOR PRIVATE CIRCULATION TO THE SHAREHOLDERS OF ORTIN LABORATORIES LIMITED ONLY
VINEET LABORATORIES LIMITED

Please see below the applicable information pertaining to Vineet Laboratories Limited in accordance with circular no. CDO/DL/ICR/2017/71 dated March 10, 2017 and any amendments thereof, issued by the Securities and Exchange Board of India ("SEBI").

Vineet Laboratories Limited was incorporated on November 11, 2016 as a public limited company. Registered office: 5y.No. 11(A), Saheb Nagar, Kurdu Vili, Chintal Kunta, Eastwarramma Nilayam, B Nagar Hyderabad - 500074, Telangana
Telephone: +91 040 24128833; Email: vineetlaboratories@gmail.com,
Contact Person - G. Venkata Ramana
CIN: U24304TG2016PLC112888

This Abridged Prospectus is in the nature of a Disclosure Document containing salient features of the Scheme of Arrangement in the matter of merger and transfer of De-merged undertaking between Ortin Laboratories Limited (Demerged Company) and Vineet Laboratories Limited (Resulting Company) and their respective Shareholders and Creditors under sections 230 to 232 read with section 66 of the Companies Act, 2013 and the rules made thereunder and the relevant provisions of the Income-Tax Act, 1961 in connection with the demerger of API Intermediates Division of the Ortin Laboratories Limited into Vineet Laboratories Limited (herein after referred to as the "Scheme"). This Disclosure Document discloses applicable information of the unlisted entity, i.e., Vineet Laboratories Limited, in compliance with SEBI circular no. CDO/DL/ICR/2017/71 dated March 10, 2017 (the "SEBI Circular") and amendments thereto relating to the Scheme.



Pursuant to the Scheme of Arrangement and subject to the applicable laws and receipt of requisite approvals, including exemption from Rule 19(2) (b) of the Securities Contract (Regulations) Rules, 1957 ("the SCRR") to be obtained from SEBI, the Equity shares of Vineet Laboratories Limited will be listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") (NSE and BSE jointly hereinafter with BSE referred to as "Stock Exchanges"). For the purpose of this scheme, BSE Limited shall be the designated stock exchange.

PROMOTERS OF VINEET LABORATORIES LIMITED

Gaddam Venkata Ramana, Gaddam Venkata Rama, Alluri Ranga Raju, Alluri Prabhakara Raju, Alluri Mythili, Valluru vasa Prasad Rao, A. Srinivasa Raju, Bh. Satya Narayana Raju, P. Kidore Raju, P. Venkata Krishnaiah Raju, K. Murali Mohan are the promoters of Vineet Laboratories Limited. Post the Scheme becoming effective, the existing promoters of API Intermediates Division (Unit II) of Ortin Laboratories Limited (Demerged Company) would become the promoters of Vineet Laboratories Limited.


SHARE EXCHANGE RATIO

Mr. M. Madhusudhana Reddy, Registered Valuer having Reg. No. 188/RV/05/2015/10954 has submitted his report dated 13.04.2019 and recommended a Fair Equity Share Exchange Ratio as follows:

52 fully paid up Equity shares of Rs. 10/- each of Vineet Laboratories Limited be issued and allotted to the shareholders of Ortin Laboratories Limited for every 100 fully paid up Equity Shares held by them in Ortin Laboratories Limited in the event of Demerger of Demerged Undertaking of Ortin Laboratories Limited into Vineet Laboratories Limited.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds unless they can afford to take the risk of losing their investment. Shareholders are advised to read the risk factors carefully before taking an investment decision in relation to the scheme. For taking an investment decision, shareholders must rely on their own examination of our Company and the scheme including the risk involved. The Equity Shares being issued under the scheme have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this document.



SCHEME DETAILS AND LISTING

The salient features of the Scheme are as follows:

Business, undertakings, properties, investments and liabilities of whatsoever nature and kind and where so ever situated, in relation to the API Intermediates Division (Unit II) of Ortin Laboratories Limited (Demerged Company), is proposed to be demerged, pursuant to Sections 230 and 232 read with section 66 of the Companies Act, 2013, and/or any other applicable laws and transferred to Vineet Laboratories Limited.


The demerger of the Ortin Laboratories Limited (Demerged Company) shall be in accordance with Section 2 (19AA) of the Income Tax Act, 1961, such that:

- all the assets relating to the Demerged Undertaking being transferred by the Demerged Company, as on the Appointed Date shall become the properties of the Resulting Company by virtue of this Scheme;
- all the liabilities relating to the Demerged Undertaking, as on the Appointed Date shall become the liabilities of the Resulting Company by virtue of this Scheme;
- all the assets and the liabilities relating to the Demerged Undertaking being transferred by the Demerged Company shall be transferred to the Resulting Company, on a going concern basis, at the value appearing in the books of account of the Demerged Company immediately before the Demerger;
- the Resulting Company shall issue, in consideration of the Demerger Undertaking, its Equity Shares to the shareholders of the Demerged Company as on the Record Date as per the share entitlement ratio; and
- all the shareholders of the Demerged Company as on the Record Date shall become the shareholders of the Resulting Company by virtue of this Demerger.

Upon the effectiveness of the Scheme and in consideration of the transfer and vesting of the API Intermediates Division (Unit II) of Ortin Laboratories Limited (Demerged Company) into Vineet Laboratories Limited (Resulting Company) pursuant to provisions of the Scheme, Vineet Laboratories Limited shall, issue and allot to each shareholder of Ortin Laboratories Limited, whose name is recorded in the Register of Members and records of the Depository as Members of Ortin Laboratories Limited, 52 (fifty Two) Equity Share of Rs. 10 (Rupees Ten) each of Vineet Laboratories Limited issued /credited as fully paid up for every 100 Equity Share of Rs. 10 (Rupees Ten) each held by such shareholder in Ortin Laboratories Limited.

The Scheme is subject to the approvals and sanctions as mentioned in the Scheme.

The Equity Shares so issued by Vineet Laboratories Limited along with its existing paid up capital will be listed on the Stock Exchanges under Regulation 19 of Securities Contracts (Regulations) Rules, 1957, as amended.



ELIGIBILITY
In compliance with the SEBI Circular(s) and in accordance with the disclosure rules for an abridged prospectus format as provided in Part E of schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "SEBI Regulations"), to the extent applicable;
The Equity Shares sought to be listed are proposed to be allotted by Vineet Laboratories Limited to the holders of securities of Ortin Laboratories Limited pursuant to a Scheme to be sanctioned by NCLT, Hyderabad Bench under sections 230 and 232 of the Companies Act, 2013.
The percentage of shareholding of post-scheme public shareholders and Qualified Institutional Buyers (QIBs) of the listed entity and Vineet Laboratories Limited shall not be less than 25%.
INDICATIVE TIMELINE
This Disclosure Document is filed pursuant to aforementioned SEBI Circular and is not offer to the public. Given that the Scheme requires approvals of various regulatory authorities, including and primarily, the Hon'ble National Company Law Tribunal, the exact time frame cannot be established with certainty.
COMPANY'S ABSOLUTE RESPONSIBILITY
Vineet Laboratories Limited, having made all reasonable inquiries, accepts responsibility for and confirms that the Disclosure Document contains all information with regard to Vineet Laboratories Limited and this Scheme, which is material in the context of this Scheme, that the information contained in the Disclosure Document is true and correct in all material aspects and is not misleading in any material respect; that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which will make the Disclosure Document as a whole, or any of such information or the expression of any such opinions or intentions, misleading in any material respect.

GENERAL INFORMATION:	
Name of Merchant Banker and contact details	Name of Statutory auditor and contact details
CI SECURITIES LIMITED MERCHANT BANKER Address: 214, Raghava Rama Towers, Chingari Lane, Abids, Hyderabad - 50001, Telangana Tel: 040-23010155 / 23202465 E-mail: advisors@ci securities.com Website: www.ci securities.com CIN: L81207TG1889PLCG01088 SEBI Registration Number: INM000009694	STATUTORY AUDITORS OF THE COMPANY M/s. M M Reddy & Co. Chartered Accountants, M M Reddy & Co. 4th Floor, HSR Eden, Beside Cream Stone, Road No.2, Banjara Hills, Hyderabad - 500 034. Tel: 040-40275117 Email id: emreddyandco@gmail.com PIN: 500035



(b). The said transfer of Undertaking would provide greater flexibility and visibility on the operational and financial performance of both the divisions and would provide higher degree of independence as well as accountability.

With a view to achieve the aforesaid growth priorities, Ortin Laboratories Limited proposes to re-organize and segregate, by way of the Scheme, its business, undertaking and investments in the API Intermediates Division.

SHAREHOLDING PATTERN OF PROMOTORS OF VINEET LABORATORIES LIMITED					
Sr. No.	Name of the promoter	prior to the scheme becoming effective	post scheme becoming effective		
		No. of Equity Shares	%	No. of Equity Shares	%
1.	Satyanarayana Raju Bhupathiraju	30000	7.31	287587	3.13
2.	A. Srinivas Raju	34000	8.44	339019	3.59
3.	A.Ranga Raju	34000	8.44	330091	3.68
4.	A. Prabhakar Raju	36000	8.88	352205	3.87
5.	A. Nuthall	36000	8.88	349421	3.72
6.	Venkata Ramana Gaddam	51000	12.58	477372	5.18
7.	A. Kamesh Babu	-	-	365881	3.90
8.	Venkata Rama Gaddam	51000	12.54	430088	4.61
9.	Gaddam Srinivasa Rao	-	-	36233	0.39
10.	Gaddam Raju	-	-	36953	0.39
11.	V. Venkatesh Rao	51000	12.54	362083	3.76
12.	E. Murali Mohan	50000	12.30	50000	0.54
13.	P. Kishore Raju	36750	4.09	36750	0.39
14.	P. Venkata Krishnam Raju	36750	4.09	36750	0.39
Total		410000	100	2872885	28.90



PROMOTERS OF VINEET LABORATORIES LIMITED	
Mr. Gaddam Venkata Ramana is a Master of Science in chemistry. His post qualification experience is over 30 years and has been in the fields of Finance, accounts, secretarial and general management. He is presently functioning as the Joint Managing Director of Ortin Laboratories Limited.	
Mrs. Gaddam Venkata Rama is a Graduate and housewife.	
Mr. Alluri Ranga Raju is an ITI. His post qualification experience is over 20 years and has been in the fields of accounts and general management. He is presently working in Ortin Laboratories Limited.	
Mr. Alluri Prabhakara Raju is an ITI. His post qualification experience is over 20 years and has been in the fields of secretarial and general management. He is presently working in Ortin Laboratories Limited.	
Ms. Alluri Mythili is a Post Graduate in Master of Arts and is a housewife.	
Mr. Valluru Varaha Prasada Rao is a Bachelor of Science. His post qualification experience is over 20 years and has been in the fields of Strategy and Financial Planning. He is presently working in Ortin Laboratories Limited.	
Mr. A. Srinivasa Raju is Inter Pass. His post qualification experience is over 15 years and has been in the fields of Finance, accounts, secretarial and general management. He is presently working in Ortin Laboratories Limited.	
Mr. B. Satya Narayana Raju is a S.S.L.C. His post qualification experience is over 45 years and has been in the fields of Finance, accounts, Taxation and Treasury Management. He is presently functioning as the CFO and Whole-time Director of Ortin Laboratories Limited.	
Mr. P. Kishore Raju is Inter Pass. His post qualification experience is over 15 years and has been in the fields of Finance, accounts, Taxation and Treasury Management. He is self-employed.	
Mr. P. Venkata Krishnam Raju is a SSC. His post qualification experience is over 30 years and has been in the fields of Finance, accounts, secretarial and general management. He is self-employed.	
Mr. K. Murali Mohan is a Master of Science in chemistry. His post qualification experience is over 25 years and has been in the fields of Human Resource Management, Industrial and Public Relations. He is presently working in Ortin Laboratories Limited.	



* There is no change in the shareholding pattern of VINEET LABORATORIES LIMITED as on the date of notice since 30.09.2019.

Post-scheme shareholding pattern of VIL (resulting company):		
Category	No. of shares	% paid up capital after demerger
Promoters	28,72,885	28.90
Public	69,46,143	70.01
Total	98,19,028	100.00

FINANCIAL STATEMENTS			
Statement of Assets and Liabilities (Amount in Rs.)			
Particulars	For the Period ended on 30.09.2019 - UN AUDITED	For the year ended 31.03.2019 - AUDITED	
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	41,00,000	41,00,000	
Other Equity	-	-	
Share Application money pending allotment	-	-	
Non-Current Liabilities			
Long Term Provision	-	-	
Current Liabilities			
Short term Borrowings	-	-	
Short term Provisions	-	-	
Trade Payables	51,590	74,790	
Other Current Liabilities	-	-	
Total	42,51,590	41,74,790	
Assets			
Non-current Assets			
Property, plant and equipment	-	-	
Non-current tax asset	-	-	
Current Assets			
Inventories	-	-	
Prepayments	-	-	
Trade Receivables	-	-	
Cash and Cash Equivalents	43,894	69,080	
Others	-	-	



BUSINESS MODEL/ BUSINESS OVERVIEW AND STRATEGY

The Memorandum of Association of VINEET LABORATORIES LIMITED inter alia authorizes it to undertake the activities of bulk drugs and API Intermediates. As on date of this notice, VINEET LABORATORIES LIMITED does not carry on any business activity. Pursuant to the Scheme becoming effective it will be engaged in the demerged business of Ortin Laboratories Limited, i.e., API Intermediates.

BOARD OF DIRECTORS			
The details of the Board of Directors of VINEET LABORATORIES LIMITED are as below:			
S.No	Name	Designation	Experience
1.	Gaddam Venkata Ramana	Director	Please refer to the promoters of VIL for details
2.	Satyanarayana Raju Bhupathiraju	Director	-do-
3.	Kanfula Murali Mohan	Director	-do-

OBJECT OF THE ISSUE

This Abridged Prospectus is pursuant to aforementioned SEBI Circular in connection with Scheme of Arrangement between Ortin Laboratories Limited and VINEET LABORATORIES LIMITED whereby it is proposed to demerge the API Intermediates Division of Ortin Laboratories Limited to VINEET LABORATORIES LIMITED.

The Scheme envisages issuance of shares by VINEET LABORATORIES LIMITED to the shareholders of Ortin Laboratories Limited in the manner mentioned here in above.

The objects of the Scheme is as under,

The Demerged Company is engaged in 2 (two) distinct lines of business namely;

- (i). Formulation of drugs, and (ii). API Intermediates
- The nature of risk and return involved in the business of API Intermediates Division is distinct from the Formulations Division. Hence, transfer of API Intermediates Division would enable both the divisions to run and operate independently and in a more cohesive manner so as to run more profitably and attract potential collaborators for the future growth and development of business by both the Resulting Company as well as the Demerged Company.
- The separation of the API Intermediates Division, by way of the Scheme from Ortin Laboratories Limited would lead to significant benefits for both businesses including:
- (i). The transfer and vesting of the demerged undertaking of the Demerged Company to the Resulting Company through this Scheme is with a view to unlock the economic value of both the Companies;



SUMMARY STATEMENT OF PROFIT AND LOSS ACCOUNT (Amount in Rs.)		
PARTICULARS	For the Period Ended on 30.09.2019 - UN AUDITED	For the year ended 31.03.2019 - AUDITED
Other Financial assets	-	-
Other current assets	41,07,718	41,08,709
Total	41,07,718	41,74,780
INCOME		
Revenue from Operation	-	-
Other Income	-	-
TOTAL	-	-
EXPENDITURE		
Employee benefit expenses	-	-
Depreciation and amortisation	-	-
Other expenses	-	-
Total	-	-
Profit before tax	-	-
Less: Tax expenses	-	-
-Current Tax	-	-
-Deferred Tax	-	-
Profit/ Loss after tax	-	-
Earnings Per Equity shares (in Rs.)	-	-
-Basic	-	-
-Diluted	-	-

RESTATED FINANCIALS (Amount in Rs.)		
PARTICULARS	For the Period Ended on 30.09.2019 - UN AUDITED	For the year ended 31.03.2019 - AUDITED
Total Income from Operations	-	-
Net Profit / (Loss) before tax and extra ordinary items	-	-
Net Profit / (Loss) after tax and extra ordinary items	-	-
Equity Share Capital	4100000	4100000
Reserves and Surplus	-	-
Net Worth	4100000	4100000
Basic Earnings Per Share (in INR)	-	-
Diluted Earnings Per Share (in INR)	-	-
Return on Networth (%)	-	-
Net Asset Value Per Share (in INR)	10	10



Sl. No.	Particulars	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
1	Fixed Assets	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
2	Current Assets	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
3	Equity	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
4	Liabilities	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000



Table 1.1 - Statement of Financial Position as at the end of the reporting period (in Lakhs of Rupees)

Particulars	2023	2022	2021	2020	2019
Fixed Assets	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Current Assets	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Equity	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Liabilities	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000



Table 1.2 - Statement showing movement in the number of shares (in Lakhs of Rupees)

Particulars	2023	2022	2021	2020	2019
Number of Shares	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Equity	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Liabilities	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000



Table 1.3 - Statement showing movement in the number of shares (in Lakhs of Rupees)

Particulars	2023	2022	2021	2020	2019
Number of Shares	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Equity	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Liabilities	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000



POST - DEMERGER

Format of holding of specified securities

- Name of Listed Entity, Ms. Vinest Laboratories Limited
- ISIN Code of the Security, Equity
- ISIN Code of the Security, Debt
- ISIN Code of the Security, Derivative
- ISIN Code of the Security, Other

4. Declaration: The Listed entity is required to submit the following declaration to the extent of submission of information:

Particulars	Yes*	No*
1. Whether the Listed Entity has issued any penny paid up shares?		No
2. Whether the Listed Entity has issued any Convertible Securities or Warrants?		No
3. Whether the Listed Entity has any shares against either depository receipt or hold?		No
4. Whether the Listed Entity has any shares in issue as?	Yes	
5. Whether any shares held by promoters are pledge or otherwise encumbered?	No	



Particulars	2023	2022	2021	2020	2019
Fixed Assets	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Current Assets	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Equity	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000
Liabilities	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000



ORTIN LABORATORIES LIMITED

BEFORE THE HON'BLE NATIONAL COMPANY LAW TRIBUNAL
BENCH AT HYDERABAD
C.A. (CAA) NO.230/230/HDB/2019
IN THE MATTER OF COMPANIES ACT, 2013 (18 OF 2013)
IN THE MATTER OF SECTIONS 230 TO 232 READ WITH SECTION 66 AND ALL OTHER
APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013
AND
IN THE MATTER OF SCHEME OF ARRANGEMENT
OF
ORTIN LABORATORIES LIMITED
(DEMERGED COMPANY OR TRANSFEROR COMPANY)
AND
VINEET LABORATORIES LIMITED
(RESULTING COMPANY OR TRANSFEREE COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS

Ortin Laboratories Limited, a company incorporated under the Companies Act, 1956, bearing CIN: L24110TG1986PLC006885 and having its Registered Office at D. No. 3-4-512/35 (43/4RT), Opp: Barkatpura Park, Barkatpura Hyderabad-500027, Telangana, India, represented by its Managing Director, Mr. S. Murali Krishna Murthy (DIN: 00540632) email: info@ortinlabsindia.com, Ph: 9440047800.

....Applicant Company / Demerged Company/Transferor Company

HONBLE NATIONAL COMPANY LAW TRIBUNAL CONVENED MEETING OF THE EQUITY SHAREHOLDERS OF THE COMPANY TO BE HELD ON 26TH DAY OF FEBRUARY, 2020

ATTENDANCE SLIP

I/We hereby record my/our presence at the Tribunal convened meeting of the Equity Shareholders of Ortin Laboratories Limited (Demerged Company) held on Wednesday, the 26th day of February, 2020, at 11:00 a.m. at 8-113/A/1, HOTEL MINERVA BANQUETS, KOTHAPET, HYDERABAD- 500025, TELANGANA India, for the purpose of considering and, if thought fit, approving, with or without modification(s) the proposed Scheme of Arrangement between Ortin Laboratories Limited (Demerged Company or Transferor Company) and Vineet Laboratories Limited (Resulting Company or Transferee Company) and their respective Shareholders and Creditors ("Scheme").

Name of the Equity Shareholder(s) / Proxy:
Folio No
DP ID / Client ID No
Total No. of fully Shares held
Registered Address
Registered Email ID

Signature

- Notes:**
- a. Only Member/Proxy can attend the meeting. No minors would be allowed at the meeting.
 - b. Member/Proxy who wish to attend the meeting must bring this attendance slip to the meeting and hand over at the entrance duly filled in and signed.

ORTIN LABORATORIES LIMITED

ROUTE MAP



If undelivered please return to :
ORTIN LABORATORIES LIMITED
Regd Off: D. No: 3-4-512/35 (43/4rt),
Opp: Barkatpura Park, Barkatpura
Hyderabad-500027, Telangana, India
Email: info@ortinlabsindia.com