GENNEX LABORATORIES LIMITED

The Company was originally incorporated on 25th June, 1985, as "Pharmasia Drugs and Chemicals Private Limited" under the Companies Act, 1956 as a private limited company with the Registrar of Companies, Bengaluru, Karnataka. The Registered Office of the Company was shifted from the state of Karnataka to Andhra Pradesh on 29th March, 1990 and subsequently the Company was converted into a public limited company on 15th February, 1995. The Company's name was changed to "Prudential Pharmaceuticals Limited" on 22nd February, 1995 and further to "Gennex Laboratories Limited" on 19th September, 2007.

Corporate Identification Number: L24230TG1990PLC011168.
Registered Office: Survey #133, IDA Bollaram, Jinnaram Mandal, Sanga Reddy District – 502 325, Telangana, India.
Corporate Office: Akash Ganga, 03rd Floor, Plot No.144, Srinagar Colony, Hyderabad 500073, Telangana, India.
Phone: 040-67334400; **E-mail:** investorrelations@gennexlab.com; **website:** www.gennexlab.com
Contact Person: Mr. Rajesh Vankadara, Company Secretary and Compliance Officer

PROMOTERS OF THE COMPANY: MR. ARIHANT BAID AND M/S. PREMIER FISCAL SERVICES PRIVATE LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF GENNEX LABORATORIES LIMITED ONLY

THE COMPANY, THE PROMOTERS AND THE DIRECTORS ARE NOT CATEGORISED AS WILLFUL DEFAULTERS OR FRAUDULENT BORROWERS AS ON THE DATE OF THIS LETTER OF OFFER

ISSUE OF UPTO 6,32,51,500 EQUITY SHARES OF FACE VALUE OF ₹1.00 EACH ("RIGHTS EQUITY SHARES") OF THE COMPANY FOR CASH AT A PRICE OF ₹6 PER RIGHTS EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹5 PER RIGHTS EQUITY SHARE (THE "ISSUE PRICE") AGGREGATING UPTO ₹ 37.951 CRORES* ("THE ISSUE") ON A RIGHTS BASIS TO THE EXISTING ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF 1(ONE) RIGHTS EQUITY SHARE FOR EVERY 2(TWO) FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS 22ND JULY, 2022 (THE "ISSUE"). THE ISSUE PRICE IS FOR THE RIGHTS EQUITY SHARES IS 6 TIMES THE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, PLEASE REFER TO THE CHAPTER TITLED "TERMS OF THE ISSUE" ON PAGE NO.179 OF THIS LETTER OF OFFER.

**Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.*

PAYMENT SCHEDULE FOR RIGHTS EQUITY SHARES

Amount payable per Rights Equity Share*	Face Value (₹)	Premium (₹)	Total (₹)
On Application	0.25	1.25	1.50
On First and Final Call#	0.75	3.75	4.50
Total (₹)	1.00	5.00	6.00

For further details on Payment Schedule, refer chapter titled "Terms of the Issue" on Page No. 179 of this Letter of Offer.
#To be paid at such time as may be determined by the Board at its sole discretion.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing such investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of the Company and this Issue including the risks involved. The Rights Equity Shares being offered in the Issue have not been recommended nor approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer, Specific attention of the investors is invited to "Risk Factors" beginning on page no.21 of this Letter of Offer.

COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

The existing equity shares of the Company are listed on BSE limited ("BSE"). The Company has received "In-Principle" approval from BSE for the Rights Equity Shares to be allotted pursuant to this Issue vide E-Letter DCS/RIGHT/VJ/FIP/2380/2022-23 dated 30th June, 2022. For the purpose of this Issue, BSE is the Designated Stock Exchange.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
Quintessence Enterprises Private Limited Regd and Corporate office: 8-2-603/1/VP, Plot No.8A, Road No.10, Banjara Hills, Hyderabad-500082. Tel No: +91 40 2339 8744 e-mail:quintessence@qeplindia.com, web: www.qeplindia.com Contact Person: Ms.Lavanya Chandra SEBI Registration No.: INM000011997	**Bigshare Services Private Limited** Corporate Office No S6-2, 6th floor Pinnacle Business Park, Next to Ahura Centre, Mahakali Caves Road, Andheri (East), Mumbai – 400072 Tel. No.: +91 – 22 – 6263 8200 e-mail: rightsissue@bigshareonline.com website: www.bigshareonline.com Investor Grievance Email: investor@bigshareonline.com Contact Person: Mr. Vijay Surana SEBI Regn. No.: INR000001385

ISSUE SCHEDULE

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON#
5 AUGUST, 2022	12 AUGUST, 2022	19 AUGUST, 2022

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*
 # The Board or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that this Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

TABLE OF CONTENTS

SECTION –I: GENERAL DEFINITIONS AND ABBREVIATIONS

In this Letter of Offer, unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments, modifications or re-enactment notified thereto.

In this Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to "Gennex Laboratories Limited", "Gennex", the/our "Company", "we", "our", "us" or similar terms are to Gennex Laboratories Limited or, as the context requires, and references to "you" are to the equity shareholders and/ or prospective investors in the Equity Shares.

Notwithstanding the foregoing, terms under the sections titled "Industry Overview", "Statement of Tax Benefits", "Financial Statements" and "Outstanding Litigation and Other Defaults" shall have the meanings given to such terms in these respective sections/chapters.

Term	Description
"Gennex Laboratories Limited", or "GLL", or "Company" or "Our Company" or "we" or "us" or "the issuer"	Gennex Laboratories Limited, a public limited company incorporated under the provisions of the Companies Act, 1956.
"We" or "us" or "our"	Unless the context otherwise indicates or implies, refers to Gennex Laboratories Limited

Company Related Terms

Term	Description
Article of Association or AoA	Articles of Association of the Company, as amended.
Audit Committee	The audit committee of the Company comprising Y Ravinder Reddy, T M Gopalakrishnan, Sadhana Bhansali, A S Nageswara Rao.
Audited Consolidated Financial Statements	The audited consolidated financial statements of the Company, comprising the consolidated balance sheet as at March 31, 2022, the consolidated statement of profit and loss for the financial year ended March 31, 2022, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year ended March 31, 2022, prepared in conformity with Indian Accounting Standards prescribed under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.
Auditor or Statutory Auditor	M/s. PPKG & Co, Chartered Accountants.
Board or Board of Directors	Board of directors of the Company or a duly constituted committee thereof.
Chairman	Chairman of the Company, Mr. Arihant Baid
Chief Financial Officer or CFO	Chief Financial Officer of the Company, Mr. Laxmipat Baid
Company Secretary & Compliance Officer	Company Secretary & Compliance Officer of the Company Mr. Rajesh Vankadara
Consolidated Financial Statements	Audited Consolidated Financial Statements
Equity Shareholder	A holder of Equity shares, from time to time.
Equity Shares	The Equity Shares of the Company of face value ₹.1/- each, unless otherwise specified in the context thereof.

Independent Directors	The independent director(s) of the Company, in terms of Section 2(47) and Section 149(6) of the Companies Act and Regulation 16(1)(b) of the SEBI Listing Regulations. For further details, please refer to the chapter entitled 'Management' beginning on page no.62.
Key Managerial Personnel	Key management / managerial personnel of the Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in the chapter entitled 'Management' beginning on page no.62.
Managing Director	The Managing Director of the Company, Mr. Arihant Baid
Manufacturing Facility	The Company Manufacturing facility located at Survey #133, IDA Bollaram, Jinnaram Mandal, Sangareddy – 502 325 Telangana State, India.
Memorandum of Association or MoA	Memorandum of Association of the Company, as amended.
Nomination and Remuneration Committee	The Nomination and Remuneration Committee of the Company comprising Y Ravinder Reddy, Sadhana Bhansali, A S Nageswar Rao, A R R Pantulu
Non-Executive Director(s)	A Director not being an Executive Director.
Product (s)	Bulk Drugs & API's manufactured by the Company. For more details, please refer to the chapter entitled 'Business Overview' beginning on page 53.
Promoters	Arihant Baid & M/s. Primer Fiscal Services Private Limited
Registered Office	Survey #133, IDA Bollaram, Jinnaram Mandal, Sangareddy District – 502 325, Telangana State, India.
Rights Issue Committee	The Rights Issue Committee of the Company constituted vide Board resolution dated 06th April, 2022, and compromising Arihant Baid, Y Ravinder Reddy and A S Nageswar Rao.
Stakeholder's Relationship Committee	The Stakeholder's Relationship Committee of the Company comprising Y Ravinder Reddy, Sadhana Bhansali, A S Nageswar Rao, A R R Pantulu

Conventional or General Terms

Term	Description
₹/Rs./Rupees /INR	Indian Rupee, the official currency of the Republic of India.
A/c	Account
AGM	Annual General Meeting
AIF	Alternative investment fund, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
Audited Financial Statements	The audited financial statements of the Company for FY 22 comprising of the balance sheet, the statement of profit and loss, including other comprehensive income, the cash flow statement and the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
Auditors / Statutory Auditors	The Statutory Auditors of the Company being M/s. PPKG & Co., Chartered Accountants
BSE	BSE limited also known as Bombay Stock Exchange

CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Central Government or Government of India or GoI	Central Government of India
CIN	Corporate Identification Number
Companies Act, 1956	Erstwhile Companies Act, 1956 along with the relevant rules made
Companies Act or Companies Act, 2013	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder.
Depositories	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, in this case being NSDL and CDSL.
DIN	Director Identification Number
DIPP	Department of Industrial Policy and Promotion
DP ID	Depository Participant's Identification
EBITDA	Profit before tax + depreciation and amortization expenses and Interest cost + share of profit from associates-other income.
EGM	Extraordinary General Meeting
EPS	Earnings per Share
FCNR Account	Foreign Currency Non-Resident Account
FDI	Foreign Direct Investment
FDI Circular 2020	Consolidated FDI Policy dated 15th October, 2020 issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry,
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder.
Financial Year, Fiscal, fiscal, Fiscal Year or FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year.
FIPB	The erstwhile Foreign Investment Promotion Board
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI
GDP	Gross Domestic Product
GAAR	General Anti Avoidance Rules
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
Income Tax Act	The Income Tax Act, 1961 and amendments thereto
India	Republic of India
Ind AS	Indian Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as notified under Companies (Indian Accounting Standards) Rules 2015, as amended
Ind GAAP	Generally Accepted Accounting Principles in India
Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
Insolvency Code	Insolvency and Bankruptcy Code, 2016
ISIN	International Securities Identification Number
IT	Information Technology
KL	Kilo Liters
KYC	Know Your Customer
LATNAM	Latin American Countries
MCA	Ministry of Corporate Affairs
Mn/mn	Million

MSME	Micro, Small & Medium Enterprises
MT	Metric Tonnes
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
N.A or NA	Not Applicable
NAV	Net Asset Value per share.
NEFT	National Electronic Fund Transfer
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the MCA and are currently in effect.
NR/Non- Resident	A person resident outside India, as defined under the FEMA and includes an NRI, FPIs registered with SEBI and FVCIs registered with SEBI
NRE Account	Non-resident external account
NRI	Non-resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body
OCI(s)	Overseas Citizen(s) of India
P.a.	Per annum
PAN	Permanent Account Number
PAT	Profit After Tax
PMLA	The Prevention of Money Laundering Act,
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
Promoter Group	Persons and entities forming part of the promoter group of the Company as determined in terms of Regulation 2(1) (pp) of the SEBI ICDR Regulations and as disclosed by the Company in the filings made with the Stock Exchange under the SEBI Listing Regulations.
RBI	The Reserve Bank of India
RBI Act	Reserve Bank of India Act, 1934
R&D	Research and Development
RTGS	Real Time Gross Settlement
Registered Office	The Registered office of the Company located at Survey #133, IDA Bollaram, Jinnaram Mandal, Sanga Reddy District – 502 325, Telangana.
Registrar of Companies / ROC	Registrar of Companies, Hyderabad located at 02nd Floor, Corporate Bhawan, GSI Post, Nagole, Bandlaguda, Hyderabad-500068, Telangana.
RONW	Return on Net Worth
SCORES	SEBI Complaints Redress System
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments thereto
SEBI Listing Regulations/ SEBI LODR Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time

SAST Regulations, 2011/ Takeover Regulations	SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and amendments thereto
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
SLR	Statutory Liquidity Ratio
SMEs	Small and Medium Enterprises
Stock Exchange	BSE Limited
STT	Securities Transaction Tax
State Government	The government of a state in India
Trademark Act	Trademarks Act, 1999
TDS	Tax deducted at source
US or USA	United States of America
US$/ USD/ US Dollar	United States Dollar, the official currency of the United States of America
UK	United Kingdom
VAT	Value Added Tax
VCFs	Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be
w.e.f.	With effect from
Year/Calendar Year	Unless context otherwise requires, shall refer to the twelve-month period ending 31st December

Issue related terms

Term	Description
Abridged Letter of Offer	The abridged Letter of Offer to be sent to the Equity Shareholders as on the Record date with respect to this Issue in accordance with SEBI Regulations.
Additional Rights Equity Shares / Additional Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allot/Allotment/ Allotted	Unless the context requires, the allotment of Equity Shares pursuant to the Issue.
Allotment Advice	The note or advice or intimation of Allotment sent to the Investors, who has been or is to be Allotted the Rights Equity Shares after the basis of allotment has been approved by the BSE.
Allotment Date	Date on which the Allotment is made pursuant to the Issue.
Allottee(s)	Persons to whom Equity Shares are issued pursuant to the Issue
Applicant(s) or Investor(s)	Eligible Equity Shareholder(s) and/or Renouncee(s) who are entitled to apply or make an application for the Rights Equity Shares pursuant to this Issue in terms of this Letter of Offer
Application	Application made through (i) submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online/ electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process, to subscribe to the Rights Equity Shares at the Issue Price

Application Form / CAF / Common Application Form	Form (including online application form available for submission of application though the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Investor to make an Application for Allotment of Rights Equity Shares in the Issue.
Application Money	Aggregate amount payable in respect of the Rights Equity Shares applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount/ASBA	The application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the Application Money in an ASBA account maintained with SCSB.
ASBA Account	Account maintained with a SCSB and specified in the Application Form or plain paper application, as the case may be, for blocking the amount mentioned in the Application Form or the plain paper application, in case of Eligible Equity Shareholders, as the case may be.
ASBA Investor/ASB	Applicants / Investors who make Application in this Issue using the ASBA Process
ASBA Circulars	Collectively, SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011 and the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020.
Banker(s) to the Issue	Collectively, the Escrow Collection Bank and the Refund Banks to the Issue in this case being, Axis Bank Limited.
Banker to the Issue Agreement	Agreement dated 14th July, 2022 entered into by and among the Company, the Registrar to the Issue, and the Banker to the Issue for collection of the Application Money from Applicants/Investors, transfer of funds to the Allotment Account and where applicable, refunds of the amounts collected from Applicants/Investors, on the terms and conditions thereof.
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in "Terms of the Issue" on page no. 179.
Call	The notice issued by the Company to the holders of the Rights Equity Shares as on the Call Record Date for making a payment of the Call Monies.
Call Monies	The balance amount payable by the holders of the Rights Equity Shares pursuant to the Payment Schedule of Rights Equity Shares, being ₹4.50 per Rights Equity Share after payment of the Application Money. For further details, refer chapter titled "*Terms of Issue*" beginning on page no.179 of this Letter of Offer.
Call Record Date	A record date fixed by the Company for the purpose of determining the names of the holders of Rights Equity Shares for the purpose of issuing of the Call.
Common Application Form or CAF	The form used by an Investor to make an application for the Allotment of Issue Shares in the Issue, in accordance with the SEBI Rights Circular.
Controlling Branches / Controlling Branches of SCSBs	Such branches of the SCSBs which coordinate with the Registrar to the issue and the Stock Exchange, a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and/or such other website(s) as may be prescribed from time to time.

Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms submitted by ASBA Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	BSE Limited
Depository(ies)	A depository registered with SEBI under the SEBI (Depository and Participant) Regulations, 2018, as amended from time to time, read with the Depositories Act, 1996.
Draft Letter of Offer/ LoF	The Draft Letter of Offer dated 24th June, 2022 prepared in accordance with the SEBI ICDR Regulations and submitted to the Exchange for their observations and in – principle approval.
Equity Share(s) or Share(s)	Equity shares of the Company having a face value of ₹1.00 each unless otherwise specified in the context thereof
Equity Shareholder(s)	The holders of Equity Shares of the Company.
Eligible Equity Shareholders	Existing Equity Shareholders as on the Record Date i.e. 22nd July, 2022. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, see "Notice to Investors" on page no.13.
Entitlement Letter/ Rights Entitlement Letter	A letter to be dispatched by the Registrar to all Existing Equity Shareholders as on the Record Date which will contain details of their Rights Entitlements based on their shareholdings as on the Record Date.
Investor(s)	Equity Shareholders as on Record Date and/or Renouncees applying in the Issue.
Issue / Rights Issue	Issue of up to 6,32,51,500 Equity Shares of face value of ₹ 1 each of the Company for cash at a price of ₹ 6 per Rights Equity Share (including a premium of ₹ 5 per Rights Equity Share) not exceeding ₹37.951 Crores* on a rights basis to the Eligible Equity Shareholders of the Company in the ratio of 1 Rights Equity Share for every 2 Equity Shares held by the Eligible Equity Shareholders of the Company on the Record Date i.e. 22nd July, 2022. ** Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.*
Issue Closing Date	19th August, 2022
Issue Opening Date	05th August, 2022
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹ 6 per Rights Equity Share. On Application, Investors will have to pay ₹1.50 per Rights Equity Share which constitutes 25% of the Issue Price and the balance ₹4.50 per Rights Equity Share which constitutes 75% of the Issue Price, will have to be paid, on First and Final Call, as determined by the Board at its sole discretion.
Issue Proceeds	Gross proceeds of the Issue.
Letter of Offer/ LOF	The Letter of Offer dated 16th July, 2022 to be filed with the Designated Stock Exchange, BSE and to be submitted with SEBI for information and dissemination purpose.
Listing Agreement	Uniform listing agreement entered into between the Company and the Stock Exchange.

<table>
<tr><td>MCA Circular</td><td>General Circular No. 21/2020 dated May 11, 2020 read with General Circular No. 27/2020 dated August 3, 2020 issued by the Ministry of Corporate Affairs, Government of India.</td></tr>
<tr><td>Net Proceeds</td><td>Proceeds of the Issue less the Company's share of Issue related expenses. For further information about the Issue expenses, see "Objects of the Issue" on page no.40 of this Letter of Offer.</td></tr>
<tr><td>Net Worth</td><td>Net worth as defined under Section 2(57) of the Companies Act.</td></tr>
<tr><td>Non-ASBA Investor/ Non-ASBA Applicant</td><td>Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process comprising Eligible Equity Shareholders holding Equity Shares in physical form or who intend to renounce their Rights Entitlement in part or full and Renouncees.</td></tr>
<tr><td>Non-Institutional Bidders or NIIs</td><td>An Investor other than a Retail Individual Investor or Qualified Institutional Buyer as defined under Regulation 2(1) (jj) of the SEBI ICDR Regulations.</td></tr>
<tr><td>Offer Documents</td><td>The Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer including any notices, corrigenda thereto.</td></tr>
<tr><td>Off Market Renunciation</td><td>The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.</td></tr>
<tr><td>On Market Renunciation</td><td>The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before 12th August, 2022.</td></tr>
<tr><td>Original Shareholders</td><td>Original Shareholders shall mean the Resident Shareholders who are holding the Equity Shares of the Company as on the Record Date i.e. 22nd July, 2022. The Shareholders who receive the renounced Equity Shares offered in this Issue shall not be considered as Original Shareholders.</td></tr>
<tr><td>Offer Document</td><td>Means Letter of Offer/ Abridged Letter of Offer</td></tr>
<tr><td>Payment Schedule</td><td>Payment schedule is as follows:
<table>
<tr><td>Amount payable per Rights Equity Share (1)</td><td>Face Value (₹)</td><td>Premium (₹)</td><td>Total (₹)</td></tr>
<tr><td>On Application</td><td>0.25</td><td>1.25</td><td>1.50(2)</td></tr>
<tr><td>First and Final Call#</td><td>0.75</td><td>3.75</td><td>4.50(3)</td></tr>
<tr><td>TOTAL</td><td>1.00</td><td>5.00</td><td>6.00</td></tr>
</table>
For Further Details on Payment Schedule, refer Chapter titled "Terms of the Issue" on page no.179 of this Letter of Offer.
Constitutes 25% of the Issue Price.
Constitutes 75% of the Issue Price.
to be paid at such time as may be determined by the Board at its sole discretion.</td></tr>
<tr><td>QIBs or Qualified</td><td>Qualified institutional buyers as defined under Regulation 2(1) (ss) of the SEBI ICDR Regulations, 2018.</td></tr>
<tr><td>Record Date</td><td>A record date fixed by the Company for the purposes of determining the names of the Equity Shareholders who are eligible for the issue of Rights Equity Shares i.e. 22nd July, 2022.</td></tr>
</table>

Refund Bank	The Banker to the Issue with whom the Refund Account(s) will be opened, in this case being Axis Bank Limited.
"Registrar to the Issue" / "Registrar"	Bigshare Services Private Limited
Registrar Agreement	Agreement dated 02nd May, 2022 entered into among the Company and the Registrar in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue.
Renouncee(s)	Person(s), not being the original recipient, who has / have acquired Rights Entitlements from the Eligible Equity Shareholders, in accordance with SEBI ICDR Regulation read with SEBI Rights Issue Circulars.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date, i.e. 5th August, 2022. Such period shall close on 12th August, 2022 in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date
Retail Individual Bidders(s)/Retail Individual Investor(s)/ RII(s)/RIB(s)	An individual Investor (including an HUF applying through karta) who has applied for Rights Equity Shares and whose Application Money is not more than ₹200,000 in the Issue as defined under Regulation 2(1) (vv) of the SEBI ICDR Regulations.
Rights Entitlement	Number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being 1 Equity Share for every 2 Equity Shares held by an Eligible Equity Shareholder
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible through the and on the website of the Company
Rights Equity Shares	Equity Shares of the Company to be Allotted pursuant to this Issue.
Self-Certified Syndicate Banks" or "SCSBs	The banks registered with SEBI, offering services (i) in relation to ASBA (other than through UPI mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable, or such other website as updated from time to time, and (ii) in relation to ASBA (through UPI mechanism), a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being BSE
Transfer Date	The date on which the amount held in the escrow account(s) and the amount blocked in the ASBA Account will be transferred to the Allotment Account, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Willful Defaulter	Willful Defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations

Working Day	Working Days as defined under Regulation 2(1)(mmm) of the SEBI ICDR Regulations.

Business and Industry related Terms or Abbreviations

Term	Description
API	Active Pharmaceutical Ingredients
BP	British Pharmacopeia
cGMP	Current Good Manufacturing Practices
EP	European Pharmacopeia
GMP	Good Manufacturing Practice
ISO	International Standard Organisation
INN	International Non-Proprietary Names
IP	Intellectual Property
IP	IP also denotes Indian Pharmacopeia
R & D	Research and Development
Ton or tonne	A unit of measurement of volume
TPA	Tonnes per annum
TPM	Tonnes per month
USP	United States Pharmacopeia
WHO	World Health Organisation

NOTICE TO INVESTORS

The distribution of the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer, Letter of Offer the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions. The Company is making this Issue on a rights basis to the Eligible Equity Shareholders and will electronically dispatch through email and physical dispatch through speed post the Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter only to Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to the Company. Further, the Letter of Offer will be provided, through email and speed post, by the Registrar on behalf of the Company to the Eligible Equity Shareholders who have provided their Indian addresses to the Company or who are located in jurisdictions where the offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions and in each case who make a request in this regard. Investors can also access this, Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of the Registrar, the Company, the Lead Manager, and the Stock Exchanges.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose. Accordingly, the Rights Entitlements or Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in whole or in part, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or the Abridged Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Letter of Offer and the Abridged Letter of Offer must be treated as sent for information purposes only and should not be acted upon for subscription to the Rights Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer or the Abridged Letter of Offer or Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer or the Abridged Letter of Offer to any person outside India where to do so, would or might contravene local securities laws or regulations. If this Letter of Offer or the Abridged Letter of Offer or Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer or the Application Form.

Any person who makes an application to acquire the Rights Entitlements or the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorised to acquire the Rights Entitlements or the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. The Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company reserves the right to treat any Application Form as invalid where they believe that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form. Neither the delivery of this Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in the Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information.

Neither the delivery of this Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in the Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer and the Abridged Letter of Offer and the Application Form and Rights Entitlement Letter or the date of such information.

THE CONTENTS OF THE LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE OFFER RIGHTS OF EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT ITS OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE OFFER OF EQUITY SHARES. IN ADDITION, THE COMPANY IS NOT MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

NO OFFER IN THE UNITED STATES

The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States of America or the territories or possessions thereof ("United States"), except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlement for sale in the United States or as a solicitation therein of an offer to buy any of the Rights Equity Shares or Rights Entitlement. There is no intention to register any portion of the Issue or any of the securities described herein in the United States or to conduct a public offering of securities in the United States. Accordingly, Draft Letter of Offer/ Letter of Offer / Abridged Letter of Offer and the enclosed Application Form and Rights Entitlement Letters should not be forwarded to or transmitted in or into the United States at any time. In addition, until the expiry of 40 days after the commencement of the Issue, an offer or sale of Rights Entitlements or Rights Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Neither the Company nor any person acting on the behalf will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who the Company or any person acting on the behalf has reason to believe is in the United States when the buy order is made. Envelopes containing an Application Form and Rights Entitlement Letter should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Rights Equity Shares Issue and wishing to hold such Equity Shares in registered form must provide an address for registration of these Equity Shares in India. The Company is making the Issue on a rights basis to Eligible Equity Shareholders and the Draft Letter of Offer/ Letter of Offer / Abridged Letter of Offer and Application Form and Rights Entitlement Letter will be dispatched only to Eligible Equity Shareholders who have an Indian address. Any person who acquires Rights Entitlements and the Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that, (i) it is not and that at the time of subscribing for such Rights Equity Shares or the Rights Entitlements, it will not be, in the United States, and (ii) it is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations.

The Company reserves the right to treat any Application Form as invalid which: (i) does not include the certification set out in the Application Form to the effect that the subscriber is authorised to acquire the Rights Equity Shares or Rights Entitlement in compliance with all applicable laws and regulations; (ii) appears to us or the agents to have been executed in or dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where the Company believes that Application Form is incomplete or acceptance of such Application Form may infringe applicable legal or regulatory requirements; and the Company shall not be bound to allot or issue any Rights Equity Shares or Rights Entitlement in respect of any such Application Form.

Rights Entitlements may not be transferred or sold to any person in the United States.

The Rights Entitlements and the Equity Shares have not been approved or disapproved by the US Securities and Exchange Commission (the "US SEC"), any state securities commission in the United States or any other US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Equity Shares or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

The above information is given for the benefit of the Applicants / Investors. The Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM THE COMPANY OR FROM LEAD MANAGER OR FROM THE REGISTRAR. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

ENFORCEMENT OF CIVIL LIABILITIES

The Company is a Public Limited (Listed) Company under the laws of India and all the Directors and all Executive Officers are residents of India. It may not be possible or may be difficult for investors to affect service of process upon the Company or these other persons outside India or to enforce against them in courts in India, judgments obtained in courts outside India. India is not a party to any international treaty in relation to the automatic recognition or enforcement of foreign judgments.

However, recognition and enforcement of foreign judgments is provided for under Sections 13, 14 and 44A of the Code of Civil Procedure, 1908, as amended (the "**Civil Procedure Code**"). Section 44A of the Civil Procedure Code provides that where a certified copy of a decree of any superior court (within the meaning of that section) in any country or territory outside India which the Government of India has by notification declared to be a reciprocating territory, is filed before a district court in India, such decree may be executed in India as if the decree has been rendered by a district court in India. Section 44A of the Civil Procedure Code is applicable only to monetary decrees or judgments not being in the nature of amounts payable in respect of taxes or other charges of a similar nature or in respect of fines or other penalties. Section 44A of the Civil Procedure Code does not apply to arbitration awards even if such awards are enforceable as a decree or judgment. Among others, the United Kingdom, Singapore, Hong Kong and the United Arab Emirates have been declared by the Government of India to be reciprocating territories within the meaning of Section 44A of the Civil Procedure Code.

The United States has not been declared by the Government of India to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. Under Section 14 of the Civil Procedure Code, an Indian court shall, on production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction unless the contrary appears on the record; but such presumption may be displaced by proving want of jurisdiction.

A judgment of a court in any non-reciprocating territory, such as the United States, may be enforced in India only by a suit upon the judgment subject to Section 13 of the Civil Procedure Code, and not by proceedings in execution. Section 13 of the Civil Procedure Code, which is the statutory basis for the recognition of foreign judgments (other than arbitration awards), states that a foreign judgment shall be conclusive as to any matter directly adjudicated upon between the same parties or between parties under whom they or any of them claim litigating under the same title except where:

- The judgment has not been pronounced by a court of competent jurisdiction;
- The judgment has not been given on the merits of the case;
- The judgment appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognize the law of India in cases where such law is applicable;
- The proceedings in which the judgment was obtained are opposed to natural justice;
- The judgment has been obtained by fraud; and/or
- The judgment sustains a claim founded on a breach of any law in force in India.

A suit to enforce a foreign judgment must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. In addition, it is unlikely that an Indian court would enforce foreign judgments if it considered the amount of damages awarded as excessive or inconsistent with public policy or if the judgments are in breach of or contrary to Indian law. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the Reserve Bank of India to repatriate any amount recovered pursuant to execution of such judgment. Any judgment in a foreign currency would be converted into Rupees on the date of such judgment and not on the date of payment and any such amount may be subject to income tax in accordance with applicable laws. The Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND CURRENCY OF PRESENTATION

Certain Conventions

Unless otherwise stated, references to “we”, “us”, or “our” and similar terms are to Gennex Laboratories Limited on a consolidated basis and references to “the Company” and “our Company” are to Gennex Laboratories Limited on a standalone basis, and references to “you” are to the equity shareholders and/ or to prospective investors in the Equity Shares.

All references to “India” contained in this Letter of Offer are to Republic of India and its territories and possessions and all references herein to the “Government”, “India Government”, “GoI”, “Central Government” or the “State Government” are to the Government of India, central or state, as applicable.

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to the “US” or “U.S.” or the “United States” are to the United States of America and its territories and possessions.

A reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

Unless stated otherwise, all references to page numbers in this Letter of Offer are to page numbers of this Letter of Offer.

Financial Data

Unless stated or the context requires otherwise, the financial data as at and for the year ended March 31, 2022 included in this Letter of Offer is derived from the Audited Consolidated Financial Statements. The Company has prepared the Audited Consolidated Financial Statements in accordance with Ind AS prescribed under the Section 133 of the Companies Act 2013 read with Rule 3 of the Companies (India Accounting Standards) Rules, 2015 and relevant amendment rules thereunder. The Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited. For further information, see “Financial Information” on page no.68.

The Company’s Financial Year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular Financial Year or Fiscal or FY, unless stated otherwise, are to the 12 months period ending on March 31 of that particular calendar year.

All numerical values as set out in this Letter of Offer, for the sake of consistency and convenience, have been rounded off to two decimal places. In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Currency and Units of Presentation

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

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

All the numbers in the document have been presented in crores except the Financial Information which is represented in whole numbers.

INDUSTRY AND MARKET DATA

Unless stated otherwise, industry and market data used in this Letter of Offer has been obtained or derived from publicly available information as well as industry publications and sources. Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured Although we believe the industry and market data used in this Letter of Offer is reliable, such third-party data has not been independently verified by the Directors, the Promoters or the Lead Manager or any of their respective affiliates or advisors and none of these parties, jointly or severally, make any representation as to the accuracy of this information. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors. Accordingly, investment decisions should not be based solely on such information. The extent to which the market and industry data used in this Letter of Offer is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the business of the Company is conducted, and methodologies and assumptions may vary widely among different industry sources.

FORWARD-LOOKING STATEMENTS

This Letter of Offer contains certain "forward-looking statements". These forward-looking statements can generally be identified by words or phrases such as "aim", "anticipate", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar meaning. Similarly, statements that describe the strategies, objectives, plans or goals are also forward-looking statements.

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

- Downturns or disruptions in the securities markets could reduce transaction volumes, and could cause a decline in the business and impact the profitability;
- Errors in the research disseminated or advice provided by us;
- Failure of, or inadequacies in, the information technology systems upon which the business operations are highly dependent;
- Significant competition in the businesses may limit the growth and prospects;
- Dependence on a number of key management personnel and senior management personnel;
- The risk management and internal controls, as well as the risk management tools available to us, may not be adequate
- The ability to carry on diversified business activities under one name;
- The ability to provide satisfactory services to the customers;
- Fluctuations in other operating costs;
- The ability to meet the working capital requirements;
- The ability to successfully implement the business strategy and plans;
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries;

- Changes in government policies and regulatory actions that apply to or affect the business;
- Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;
- The occurrence of natural disasters or calamities;
- Other factors beyond control;
- The ability to manage risks that arise from these factors.

For a further discussion of factors that could cause the actual results to differ, refer to section titled "Risk Factors" on page no.21 of this Letter of Offer. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

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

SECTION II - SUMMARY OF THIS LETTER OF OFFER

The following is a general summary of the terms of this Issue, and should be read in conjunction with and is qualified by the more detailed information appearing in this Letter of Offer, including the sections titled "Risk Factors", "The Issue", "Capital Structure", "Objects of the Issue", "Industry Overview", "Business Overview", "Outstanding Litigation and Defaults", "Material Developments" and "Terms of the Issue" on pages 21, 32, 38, 40, 51, 53, 169, 172 and 179 respectively.

Summary of Business:

Gennex Laboratories Limited is engaged in the manufacture of Active Pharmaceutical Ingredients that are commonly referred to as bulk drugs. The manufacturing unit is located in IDA Bollarum, Hyderabad, Telangana, India.

Objects of the Issue:

The details of the Objects of the Issue are set forth below:

Particulars	Amount (INR in crs)
Gross Proceeds from the Issue	37.951
Less: Issue related expenses	0.550
Net Proceeds from the Issue*	37.401

**Assuming full subscription in this Issue, receipt of Call Monies with respect to Rights Shares, and subject to finalisation of the Basis of Allotment and to be adjusted as per the Rights Entitlement ratio.*

The intended use of the Net Proceeds by the Company are set forth below:

Particulars	Amount (INR in crs)
Meeting the Working Capital Requirement	15
Repayment of existing loans	16
Further Investment in Deccan Remedies Ltd.,	1
General Corporate Purposes	5.401
Net Proceeds from the Issue	37.401

For further details, see "*Objects of the Issue"* beginning on page 40 of this Letter of Offer.

Intention and extent of participation by the Promoters

The Promoters have undertaken to subscribe to the full extent of their Rights Entitlements in the Issue and have also confirmed that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoters or member of the Promoter Group). Further, the Promoters and Promoter Group reserve the right to apply for, and subscribe to, additional Rights Equity Shares over and above their Rights Entitlements (including unsubscribed portion of the Issue, if any), subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations.

The acquisition of Rights Equity Shares by the Promoters and the Promoter Group of the Company, over and above their Rights Entitlements shall not result in a change of control of the management of the Company and shall be in compliance with the SEBI SAST Regulations and in case if acquisition of Rights Equity Shares by the Promoters and the Promoter Group, over and above their Rights Entitlements triggers open offer obligation under SEBI SAST Regulations, the Promoters and the Promoter Group shall comply with the same.

The Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements under the Applicable Law.

Summary of Outstanding Litigations and Defaults:

Pending litigations against the Company	Number
Sales Tax related matter	1
Income Tax related matters	3
Matters related to Mr Vinod Baid – member of the Promoter Group	2
TOTAL	**6**

For further details, see "*Outstanding Litigation and Defaults*" beginning on page no.169 of this Letter of Offer.

Risk Factors

For details, see "*Risk Factors*" beginning on page no.21 of this Letter of Offer.

Contingent liabilities

For details regarding the Company's contingent liabilities, see "*Financial Statements*" beginning on page no.68 of this Letter of Offer.

Related party transactions

For details regarding the Company's related party transactions as per Ind AS 24, see "*Financial Statements*" beginning on page no.68 of this Letter of Offer.

Issue of Equity Shares for consideration other than cash in the last one year

The Company has not issued Equity Shares for consideration other than cash during the period of one year preceding the date of this Letter of Offer.

SECTION III - RISK FACTORS

An investment in the company's Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Letter of Offer, including in "Business Overview", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations", and "Financial Statements" before making an investment in the Equity Shares.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect the Company's business, financial condition, results of operations and cash flows. If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of, and the value of your investment in the Company's Equity Shares could decline and you may lose all or part of your investment. To the extent the COVID-19 pandemic adversely affects the Company's business and financial results, it may also have the effect of increasing many of the other risks described in this section, such as those relating to non-payment or default by borrowers. In making an investment decision with respect to this Issue, you must rely on your own examination of the Company and the terms of this Issue, including the merits and risks involved. You should consult your tax, financial and legal advisors about the consequences of an investment in the Equity Shares and its impact on you.

This Letter of Offer also contains forward-looking statements that involve risks and uncertainties. The Company's results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer.

Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implications of any of the risks described in this section. Unless the context otherwise requires, in this section, reference to "we", "us" "our" refers to the Company.

INTERNAL RISK FACTORS:

BUSINESS RELATED RISKS

1. **The Company derives a significant portion of its revenue from two APIs. Any change in the demand for these products may have an impact on the financial condition of the Company.**

   The Company has procured drug licence for about fifteen APIs of which it focusses on the production of eight APIs. These APIs are widely used in the manufacture of formulations catering to various therapeutic categories such as anti-histamines, muscle relaxants, anti-fungal, anti-depressants and other analgesics. Guaifenesin, Methocarbamol, Fluconazole and Phenazopyridine HCL contribute to almost 99% of the total revenue. Guaifenesin and Methocarbamol alone contribute to more than 90% of the production and sales revenue. Both of these serve as raw materials in a wide range of anti-histamine and muscle relaxant formulations respectively. Anti-histamines and expectorants are the commonly prescribed medications for common cold and cough. There has been an increase in demand in these formulations both in India as well as abroad, particularly post the Covid pandemic. Methocarbamol serves as an ingredient in muscle relaxant formulations and has seen increased demand in Eastern Europe. Moreover, muscle relaxants are the first prescriptions for sports related stress or injury. Therefore, both these therapeutic categories are most common and prevalent and the demand for the APIs used in the production of these formulations are not likely to see a dip in their demand.

2. **The Company significantly exports its production. Any change in the global demand or trade scenario may impact the financial condition of the Company.**

   The Company exports almost 99% of its production. Guaifenesin and Methocarbanol, the two major products constitute, on an average, 95% of the total export sales. The Company's focus has been on anti-histamines and muscle relaxants which have seen an increasing demand in East Europe and Latin American countries. Anti-histamine and muscle relaxants belong to the general therapeutic category and they generally do not witness a decline in demand. In this vein, the requirement of raw materials for these formulations also do not see a declining demand. Therefore, dependence on export does not pose a major risk. However, any major curb or regulation in the international markets cannot be ruled out.

3. **A significant portion of the Company's raw material consumption is imported. Any delay in procurement and delivery of raw materials may have an impact on the production process. Any change in the regulatory regime may also have an impact on the production and financial condition of the Company.**

   The major raw materials that are imported by the Company are Guaiacol, Di Methyl Carbonate and Epichlorohydrine which are imported largely from China, Taiwan and Turkey. The import of these raw materials constitutes almost 85% of the consumption cost. Last year the Company managed to source the entire requirement of Guaiacol from domestic market. The Company is constantly looking out for suppliers both in India and as well other countries to reduce its dependence on China, Taiwan and Turkey. Even though country focused, the suppliers of the Company present in these countries are many and the Company is not dependent on one or few entities for its supply. Therefore, within these geographies also, the Company is constantly looking out for suppliers who meet favourable price and quality specifications set by the Company. China has been a favourable market of import due to the extensive duty drawbacks it offers in its advance licensing agreement with India. However, there can be no assurance that there won't be a change in import policies, tariff barriers and regulations on both the sides.

4. **Company's ability to adapt to the changing needs of the market including expansion of its product portfolio.**

   The Company's main product segments are Anti-histamines, Muscle Relaxants, Analgesic and Anti-Fungal. It is also foraying into anti-depressants, anti-diabetic and anti-gout. The dynamic nature of the medical field with new research, mutations and discoveries spills over to the pharma industry as well. It will be important for the Company to keep up with the trend and continue to innovate and expand its product portfolio. Currently, the Company is operating at more than 95% of its installed capacity. When the demand for the products is high, the Company also reaches out to smaller production units for job work and meet the customer's requirement. In this vein, it will be imperative for the Company to decide on an expansion plan to accommodate the growing demand and sustain its growth. Currently, the Company does not have any expansion plans but it has started taking small steps towards it. Repayment of loans and securing the working capital requirement, as stated in the Objects of the Issue, is a first step in this direction by which the Company intends to reduce its debt burden, increase debt servicing potential and expand the scope of raising funds as and when required for any prospective expansion plans.

5. **The Company does not have long term sale agreements for the products. Any decline in demand may affect the business, results of operations and cash flows.**

   The Company does not follow the practice of executing long term sale agreements for the products. Customers typically order through purchase orders according to their need and requirement. Some customers may insist on signing a contract or an agreement for that specific transaction. Therefore, the customer base is fluid and impermanent. Though the Company carries the risk of customer attrition, it reduces the risk of dependence on a single or few customers.

6. **Impact of shutdown of manufacturing operations.**

   The Company like all the others in the manufacturing sector carries the risk of an operational shutdown triggered due to labour disputes, natural disasters and accidents. Moreover, the COVD pandemic has also demonstrated the impact of an unforeseen lockdown closing down operations. Though, during the first lockdown the factory was shut for ten days during which the Company, proactively, being in the pharma sector, for the required pass and permission for the factory to operate under essential services. The pandemic has not had any financial implications including reduction in revenue for the Company. Though the Management is proactive in its approach, it cannot be assured that such or similar shutdown or lockdown will not have any financial implications.

7. **Shortage or non – availability of key utilities like power, water etc., may also impact the operations.**

   The Company has been constantly monitoring its production facility to ensure continuous supply of essential utilities such as power and water essential for the smooth running of the manufacturing facility. So far, the Company has not encountered any such issues and has been able to carry on with the manufacturing facility smoothly with necessary back up installed especially for power. The presence of the factory in an industrial area has also ensured continuous availability of these essential utilities.

8. **Any manufacturing or quality issues may decelerate the production process exposing the Company to potential litigation or other liabilities and impact the operational and financial condition of the Company.**

   Any dispute relating to quality or defect in its products could expose the Company product liabilities arising from lawsuits or any adverse finding reported by an independent laboratory. This could have a material impact on the operational and financial performance of the Company. There are no major complaints or litigations instituted by any customer as on date. The processes followed by manufacturing units are also consistent with good manufacturing practices. It has been awarded the WHO-GMP certificate for the same. The Company is also an ISO 45001: 2018 and ISO 14001:2015 certified facility committed to maintaining quality of its process and products and care is taken by the Management to adhere to the safety norms and quality guidelines and ensure customer satisfaction thereby, negating the probability of such risks.

9. **The Company operates in a highly regulated environment and requires statutory approvals and licenses for its business and delay in renewal / inability to obtain any of them may have an impact. The Company could face the impact of trade restrictions, including anti-dumping laws, countervailing duties and tariffs.**

   The pharma industry has extensive regulations from manufacturing processes, operations, marketing, sales, quality controls, testing etc., The sector is also subject to regular inspections and assessments. The penalty for non – compliance or non-conforming to these regulatory standards is heavy and may invite cancellation of licences, bar on the business and heavy penalties. The Management has been proactive in keeping itself updated with recent notifications and developments, from time to time, as seen important for the Company so that any regulatory change may not have an adverse impact on the operations and financial condition of the business. The Company has been in this line of business for more than three decades and it has been up-to-date and compliant with regulatory procedures in the form of licences and approvals required for the business. This includes compliance with the safety and environmental regulations, following standard manufacturing practices and ensuring quality checks and controls in the production process. Also, the Objects of this Issue do not envisage any expansion or capital expenditure which may require specific regulatory approvals.

10. **Adequacy of insurance cover for the business of the Company.**

    The pharma manufacturing sector is capital intensive and heavily invested in plant and machinery and personnel. It is pertinent to ensure they are safeguarded and covered adequately in the event of any unforeseen accidents or mishaps. The Company has taken adequate insurance cover for its facilities including plant and equipment and employee health insurance.

11. **The Company has recorded negative operating cash flows for FY 20, FY 21.**

    The following table summarises the cash flow position of the Company for FY 20 and FY21.

Particulars (₹ crores)	**For the year ended 31st March, 2021**	**For the year ended 31st March, 2020**
Net Cash flow from Operating Activities	(1.44)	(1.67)
Net Cash flow from Investing Activities	(0.02)	(0.22)
Net Cash Flow from Financing Activities	1.62	(0.35)
Net increase / (decrease) in cash and cash equivalent	0.16	(2.23)

For FY 22, the Company has reported positive net cash flow from operating activities.

12. **Absence of IPs for the Company's products and logo.**

The Company is into the manufacture of Active Pharmaceutical Ingredients that further serve as raw material in the production of anti-histamines, muscle relaxants, anti-fungal, analgesics etc., The Trademark laws do not allow registration of chemical elements, compounds or generic names of APIs included in the International Non-Proprietary Names (INNs) and declared by the WHO. In this vein, none of the products of the Company can be registered for an IP in the nature of trademark. The Company's logo is also not a registered trademark and to that extent there may a certain risk on account of third-party claims. However, the Company's marketing and sales network lead by the Managing Director and the Company's goodwill amongst its customers is a safe bet till the Company decides to do so, in its best interest.

13. **Details of outstanding litigations.**

The Company has received demand notice from the Sales tax authority involving an amount of ₹ 0.1457 crores crores and Income Tax authority for an amount of ₹ 0.5914 crores. Such communication exchanges are normal in the course of business and Management is confident of their resolution at the earliest. In any case, appropriate provisions have been made in the annual audited accounts to this effect.

There are also two criminal cases involving Mr. Vinod Baid, member of the Promoter Group of the Company. Details of these cases are given on page no.169 of this Letter of Offer.

14. **Two of the Company's Directors are also on the Board of Prudential Sugars Corporation Limited which was suspended from BSE and NSE.**

Two of the Non – Executive, Independent Directors were also Directors on the Board of Prudential Sugars Corporation Limited which was suspended from BSE and NSE. However, that company is now regularizing all the non – compliances and has received the in-principle approval from NSE on 7th February, 2022. The scrip of that company is yet to be listed.

15. **The Objects of the Issue have not been appraised by any Financial Institution and no monitoring agency is required to be appointed by the regulations.**

The proposed Issue is for repayment of loans, meeting working capital requirement and further investment in Deccan Remedies Limited, an associate company. The estimates for this requirement have been arrived at by the Company's Management and this data has not been appraised by any Financial Institution. Further, as the Issue size is less than ₹ 100 crores, the Company is not required to and therefore, is not going to appoint any monitoring agency. The Company, will however, disclose details of utilisation of issue proceeds to the Stock Exchange as required by the SEBI Listing Regulations.

16. **The Company is exposed to foreign exchange risk in international financial transactions that may incur due to currency fluctuations.**

Almost 99% of the production is exported by the Company directly or through domestic export houses. While the direct export orders are billed in the foreign currency of the country from where the order has been received, the domestic export houses billing happens in Indian Rupees. In both the cases, though, the products are shipped to the customer by the Company itself. Egypt, Iran, Vietnam, Colombia, US, Europe have been the export destinations for the Company's products. The contribution of export income billed in the foreign exchange to the total revenue has been about 50%. Though the Company is exposed to currency fluctuations, it does not arise from one country alone due to multiple export destinations. The Company adopts hedging techniques to minimize the impact of currency fluctuations.

17. **The Company relies on third-party providers of transportation services, which carries risks and uncertainties beyond the Company's control that may have a material adverse effect on the Company's results of operations, financial condition and ability to make distributions.**

Almost 99% of the Company's production is exported to countries. The Company is responsible for transportation to the shipping docks from where the goods are further transported to other countries. Whether the orders are directly procured or through domestic export houses, it is the Company's responsibility to ensure safe transportation of the goods. For this purpose, the Company relies on third party providers and is exposed to risk of accidents and damage caused by the transporters. The Company does not have any agreement or contract with a single transportation provider. Depending on the port of shipment, the Company invites quotations from transportation providers. Though, time consuming, this process has been cost effective for the Company as transportation is one of the major components of the cost of production.

18. Current capacity utilisation could adversely affect the Company's growth/profitability.

The Company has an installed capacity of 600 TPA and the capacity utilisation is more than 95%. To honour purchase orders, the Company gives the production job to smaller units located near the factory as job work. In order to prevent stagnation of sales and sustain its growth, it will be imperative for the Company to focus on expansion plans.

19. Absence of documentary evidence for the qualification of Key Managerial Personnel

Mr. T.M.Gopalakrishnan, Whole-time Director, Mr. Laxmipat Baid, CFO and Mr. K.V.L.N.Bhaswanth, COO are qualified and experienced personnel in the Company and have been associated with the Company for a considerable period of time. Their contribution to the growth of business and therefore, the Company is evident from their appointment and recognition as Key Managerial Personnel of the Company. However, the Company does not have a copy or record of their qualifications and has relied on their bio-data for their appointment.

20. Ability to pay dividend depends on the future earnings, cash flow and financial condition of the Company

The Company has not paid dividends to its shareholders during the last five financial years. However, with a reduction in its loans, envisaged in the Objects of the Issue, there will be less burden on its cash flows which could increase the prospects of better returns to the shareholders including payment of dividend.

ISSUE SPECIFIC RISKS

1. ***No market for the Rights Entitlements may develop and the price of the Rights Entitlements may be volatile.***

No assurance can be given that an active trading market for the Rights Entitlements will develop on the Stock Exchanges during the Renunciation Period or that there will be sufficient liquidity in Rights Entitlements trading during this period. The trading price of the Rights Entitlements will not only depend on supply and demand for the Rights Entitlements, which may be affected by factors unrelated to the trading in the Equity Shares, but also on the quoted price of the Equity Shares, amongst others. Factors affecting the volatility of the price of the Equity Shares, as described herein, may magnify the volatility of the trading price of the Rights Entitlements, and a decline in the price of the Equity Shares will have an adverse impact on the trading price of the Rights Entitlements. Since the trading of the Rights Equity Shares will be on a separate segment compared to the Equity Shares on the floor of the Stock Exchanges, the trading of Rights Equity Shares may not track the trading of Equity Shares. The trading price of the Rights Entitlements may be subject to greater price fluctuations than that of the Equity Shares.

2. ***Applicants to this Issue are not allowed to withdraw their Applications after the Issue Closing Date.***

In terms of the SEBI ICDR Regulations, Applicants in this Issue are not allowed to withdraw their Applications after the Issue Closing Date. The Allotment in this Issue and the credit of such Equity Shares to the Applicant's DEMAT account with its depository participant shall be completed within such period as prescribed under the applicable laws. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events in the nature of force majeure, material adverse changes in the Company's business, results of operation or financial condition, or other events affecting the Applicant's decision to invest in the Rights Equity Shares, would not arise between the Issue

Closing Date and the date of Allotment in this Issue. Occurrence of any such events after the Issue Closing Date could also impact the market price of its Equity Shares. The Applicants shall not have the right to withdraw their applications in the event of any such occurrence. The Company cannot assure you that the market price of the Equity Shares will not decline below the Issue Price. To the extent the market price for the Equity Shares declines below the Issue Price after the Issue Closing Date, the shareholder will be required to purchase Rights Equity Shares at a price that will be higher than the actual market price for the Equity Shares at that time. Should that occur, the shareholder will suffer an immediate unrealized loss as a result. The Company may complete the Allotment even if such events may limit the Applicants' ability to sell its Equity Shares after this Issue or cause the trading price of its Equity Shares to decline.

3. ***SEBI has recently, by way of circulars dated January 22, 2020, May 6, 2020, July 24, 2020, January 19, 2021 and April 22, 2021, streamlined the process of rights issues. You should follow the instructions carefully, as stated in such SEBI circulars and in this Letter of Offer.***

The concept of crediting Rights Entitlements into the DEMAT accounts of the Eligible Equity Shareholders has recently been introduced by the SEBI. Accordingly, the process for such Rights Entitlements has been recently devised by capital market intermediaries. Eligible Equity Shareholders are encouraged to exercise caution, carefully follow the requirements as stated in the SEBI circulars dated January 22, 2020, May 6, 2020, July 24, 2020, January 19, 2021 and April 22, 2021, and ensure completion of all necessary steps in relation to providing/updating their DEMAT account details in a timely manner. For details, see "*Terms of the Issue*" on page 179. In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, the Company shall credit the Rights Entitlements to (i) the DEMAT accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a DEMAT suspense escrow account opened by the Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a DEMAT suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the DEMAT accounts of the Eligible Equity Shareholder which are frozen or details of which are unavailable with the Company or with the Registrar on the Record Date; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings.

4. ***Investment in partly paid-up Equity Shares in the Issue is exposed to certain risks. The partly paid-up Equity Shares of the Company will not be traded with effect from the Call Record Date fixed for the determination of the Investors liable to pay at the First and Final Call. The holders of the partly paid up Equity Shares will not be able to trade in these shares till they are credited to the holders' account as fully paid-up.***

The Issue Price of Equity Shares of the Company is ₹6 per Equity Share. Investors will have to pay ₹1.50 which constitutes 25% of the Issue Price on application and the balance ₹4.50 which constitutes 75% of the Issue Price on the First and Final Call made by the Company. The Equity Shares offered under the Issue will be listed under separate ISIN for the period as may be applicable prior to the record date for the First and Final Call. An active market for trading may not develop for the partly paid-up Rights Shares and, therefore, the trading price of the partly paid-up Rights Shares may be subject to greater volatility than the Company's fully-paid Rights Shares.

If the Investor fails to pay the balance amount due with any interest that may have accrued thereon after notice has been delivered by the Company, then any of the Rights Shares in respect of which such notice has been given may, at any time thereafter, before payment of the call money and interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of such forfeited Rights Shares and actually paid before such forfeiture. Investors are only entitled to dividend in proportion to the amount paid up and the voting rights exercisable on a poll by Investors shall also be proportional to such Investor's share of the paid-up equity capital of the Company. If certain Investors do not pay the full amount, the Company may not be able to raise the amount proposed under the Issue.

The ISIN IN9509C01016 representing partly paid-up Equity Shares will be terminated after the Call Record Date. On payment of the First and Final Call in respect of the partly paid-up Equity Shares, such partly paid-up Equity Shares would be converted into fully paid-up Equity Shares and shall be listed and identified under the existing ISIN for the Equity Shares. The Company would fix a Call Record Date for the purpose of determining the list of Allottees to whom the notice for First and Final Call would be sent. With effect from the Call Record Date, trading in the partly paid-up Equity Shares for which First and Final Call have been made would be suspended for such period as may be applicable under the rules and regulations. The holders of the partly paid-up Equity Shares will not be able to trade in these shares till they are credited to the holders account as fully paid-up Equity Shares.

5. ***Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.***

   Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in the Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of the Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure in completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the DEMAT account of the Renouncees prior to the Issue Closing Date. Further, in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see "Terms of the Issue" on page 179.

6. ***The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholders") may lapse in case they fail to furnish the details of their demat account to the Registrar.***

   In accordance with the circular SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the credit of Rights Entitlement and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by the Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two Working Days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

7. ***There is no guarantee that the Equity Shares will be listed in a timely manner or at all which may adversely affect the trading price of the Equity Shares.***

   In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchanges until after those Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future which may adversely impact the ability of the Company's shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at that point of time.

8. ***Investors will be subject to market risks until the Company's Equity Shares credited to the investor's DEMAT account are listed and permitted to trade.***

   Investors can start trading in the Equity Shares Allotted to them only after they have been credited to an investor's DEMAT account, are listed and permitted to trade. Since the Company's Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for its Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Company's Equity Shares allocated to an investor will be credited to the investor's DEMAT account or that trading in such Equity Shares will commence in a timely manner.

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

Foreign investment in Indian securities is subject to regulation by Indian regulatory authorities specifically the FDI Policy, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India. Also, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with, among other things, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares does not comply with such pricing guidelines or reporting requirements or falls under any of the exceptions referred to above, then prior approval of the RBI will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate any such foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. The Company cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all.

10. ***Overseas shareholders may not be able to participate in the Company's future rights offerings or certain other equity issues.***

If the Company offers or causes to be offered to holders of its Equity Shares rights to subscribe for additional Equity Shares or any right of any other nature, the Company will have discretion as to the procedure to be followed in making such rights available to holders of the Equity Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders.

For instance, the Company may not offer such rights to the holders of Equity Shares who have a registered address in the United States unless:

i. a registration statement is in effect, if a registration statement under the US Securities Act is required in order for the Company to offer such rights to holders and sell the securities represented by such rights; or
ii. the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the US Securities Act.

The Company has no obligation to prepare or file any registration statement. Accordingly, shareholders who have a registered address in the United States may be unable to participate in future rights offerings and may experience a dilution in their holdings as a result.

11. ***Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the shares voted on such resolution, unless the Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without the Company filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights unless the Company makes such a filing. The Company may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in the Company would be reduced.

EXTERNAL RISK FACTORS

1. ***The outbreak of COVID-19, or outbreak of any other severe communicable disease could have a potential impact on the Company's business, financial condition and results of operations.***

The outbreak, or threatened outbreak, of any severe communicable disease (particularly COVID-19) could materially adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The outbreak of COVID-19 has resulted in authorities implementing several measures such as travel bans and restrictions, quarantines and shutdowns. These measures may have an impact on workforce and operations and the operations of the Company. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may further cause significant economic disruption across India. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe even though the Company, during the onset of the pandemic, did make all arrangements for the safety of its workmen in the factory and obtained the required permissions to run the factory under essential services. In addition, the Company's revenue and profitability could be impacted to the extent that a natural disaster, health epidemic or other outbreak harms the Indian economy in general.

The outbreak has significantly increased economic uncertainty. The spread of COVID-19 has caused the Company to modify the Company's business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and the Company may take further actions as may be required by government authorities or that the Company determines are in the best interests of its employees and customers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak. The extent to which COVID-19 may further impact the Company's results will depend on future developments, which are highly uncertain and cannot be predicted, including new information about a new strain which may emerge concerning the severity of the coronavirus and the actions taken to contain the coronavirus or treat its impact, among others. The degree to which COVID-19 may impact its results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions taken to contain the outbreak or the ability to treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. The above risks can threaten the safe operation of its facilities and cause disruption of operational activities, loss of life, injuries and impact the wellbeing of its people.

Further, if the outbreak of any of these epidemics or other severe epidemics, continues for an extended period, occur again and/or increases in severity, it could have an adverse effect on economic activity worldwide, and could materially and adversely affect the Company's business, cash flows, financial condition and results of operations. Similarly, any other future public health epidemics or outbreak of avian or swine influenza or other contagious disease in India could also materially and adversely affect its business, cash flows, results of operations and financial condition.

2. ***Global economic, political and social conditions may harm the Company's ability to do business, increase its costs and negatively affect the Company's stock price.***

   Global economic and political factors that are beyond the Company's control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, consumer debt levels, unemployment trends, terrorist threats and activities, worldwide military and domestic disturbances and conflicts, and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude.

3. ***The occurrence of natural or man-made disasters could adversely affect the Company's results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and the Company's business.***

   The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect the Company's results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on the Company's business.

4. ***The Company may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect its business.***

The Competition Act was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the Competition Commission of India to prevent such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties.

Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void. The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Indian central government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset-based and turnover-based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Consequently, all agreements entered into by the Company could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the impact of the provisions of the Competition Act on the agreements entered into by the Company cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor has the Company received notice in relation to non-compliance with the Competition Act or the agreements entered into by the Company. However, if the Company is affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect the Company's business, financial condition, cash flows, results of operations and prospects.

5. ***If there is any change in tax laws or regulations, or their interpretation, such changes may significantly affect the Company's financial statements for the current and future years, which may have a material adverse effect on the Company's financial position, business and results of operations.***

The regulatory and policy environment in which the Company operates is evolving and subject to change. Such changes may adversely affect its business, results of operations and prospects, to the extent that the Company is unable to suitably respond to and comply with any such changes in applicable law and policy. For example, any unexpected or onerous requirements or regulations resulting from any change in the existing GST regime or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST.

The Company cannot predict whether any amendments made pursuant to the Finance Act would have a material adverse effect on the Company's business, financial conditions and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing the Company's business and operations could result in the Company being deemed to be in contravention of such laws and may require the Company to apply for additional approvals. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for the Company to resolve and may impact the viability of the Company's current business or restrict its ability to grow its business in the future.

The Company cannot predict whether any tax laws or regulations impacting its products will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have a material adverse effect on the Company's business, financial condition and results of operations.

6. ***Any downgrading of India's debt rating by a domestic or international rating agency could have a negative impact on the Company's business.***

   India's sovereign rating is BBB-/ A-3 with a "negative" outlook (S&P). Going forward, the sovereign ratings outlook will remain dependent on whether the Government is able to transition the economy into a high-growth environment, as well as exercise adequate fiscal restraint. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy or a decline in India's foreign exchange reserves, which are outside the Company's control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact the Company's ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on the Company's business and financial performance, ability to obtain financing for capital expenditures and the price of the Company's Equity Shares.

7. ***Regional hostilities, terrorist attacks, communal disturbances, civil unrest and other acts of violence or war involving India and other countries may result in a loss of investor confidence and adversely affect the financial markets and the Company's business.***

   Terrorist attacks, civil unrest and other acts of violence or war may negatively affect the Indian markets on which the Company's Equity Shares will trade and also adversely affect the worldwide financial markets. In addition, the Asian region has from time-to-time experienced instances of civil unrest and hostilities among neighbouring countries. Hostilities and tensions may occur in the future and on a wider scale. Military activity or terrorist attacks in India may result in investor concern about stability in the region, which may adversely affect the price of the Company's Equity Shares. Events of this nature in the future, as well as social and civil unrest within other countries in the world, could influence the Indian economy and could have an adverse effect on the market for securities of Indian companies, including the Company's Equity Shares.

8. ***Instability in financial markets could materially and adversely affect the Company's results of operations and financial condition.***

   The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America or Europe, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets. The global financial turmoil, an outcome of the sub-prime mortgage crisis which originated in the United States of America, led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy and the Company, thereby resulting in a material and adverse effect on the Company's business, operations, financial condition, profitability and price of the Company's Equity Shares.

SECTION IV – INTRODUCTION

THE ISSUE

The Issue has been authorized through a resolution passed by the Board at its meeting held on 06th April, 2022 pursuant to Section 62(1)(a) of the Companies Act. The following is a summary of this Issue, and should be read on conjunction with and is qualified entirely by, the information detailed in the chapter titled "Terms of the Issue" on page no.179 of the Letter of Offer.

SUMMARY OF THE ISSUE

<table>
<tr><td>Equity Shares offered through the Issue</td><td>Up to 6,32,51,500 Equity Shares</td></tr>
<tr><td>Rights Entitlement</td><td>Upto 1 Right Equity Share for every 2 fully paid – up Equity Share(s) of the Company held on the Record Date.</td></tr>
<tr><td>Record Date</td><td>Friday, 22nd July, 2022</td></tr>
<tr><td>Face Value per Equity Share</td><td>₹1/-</td></tr>
<tr><td>Issue Price per Rights Equity Share</td><td>₹ 6/-

On Application, Investors will have to pay ₹ 1.50/- per Rights Equity Share which constitutes 25% of the Issue Price and the balance ₹ 4.50/-
Per Rights Equity Share which constitutes 75% of the Issue Price, will have to be paid, on First and Final Call, as determined by the Board at its sole discretion, from time to time.</td></tr>
<tr><td>Issue Size</td><td>Equity Shares of face value of ₹1/- each for cash at a price of ₹ 6/- (including a premium of ₹ 5/-) per Rights Equity Share not exceeding an amount of ₹ 37.951 crores, assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.</td></tr>
<tr><td>Voting Rights and Dividend</td><td>The Equity Shares issued pursuant to this Issue shall rank pari passu in all respects with the Equity Shares of the Company</td></tr>
<tr><td>Equity shares issued, subscribed and paid up prior to the Issue</td><td>12,65,03,000 Equity Shares</td></tr>
<tr><td>Equity Shares subscribed and paid-up after the Issue (assuming full subscription for and allotment of the Rights Entitlement</td><td>18,97,54,500 Equity Shares

#Assuming full subscription and receipt of all Call Monies with respect to the Rights Equity Shares.</td></tr>
<tr><td>SCRIP Details</td><td>ISIN: INE509C01026
BSE: 531739</td></tr>
<tr><td>ISIN for Rights Entitlement</td><td>INE509C20018</td></tr>
<tr><td>Terms of the Issue</td><td>Please refer to the chapter titled "Terms of the Issue" on page no.179 of the Letter of Offer</td></tr>
<tr><td>Terms of Payment</td><td>Payment schedule is as follows:

<table>
<tr><td>Amount payable per Rights Equity Share (1)</td><td>Face Value (₹)</td><td>Premium (₹)</td><td>Total (₹)</td></tr>
<tr><td>On Application</td><td>0.25</td><td>1.25</td><td>1.50(2)</td></tr>
<tr><td>First and Final Call#</td><td>0.75</td><td>3.75</td><td>4.50(3)</td></tr>
<tr><td>TOTAL</td><td>1.00</td><td>5.00</td><td>6.00</td></tr>
</table>
(1) For Further Details on Payment Schedule, refer Chapter titled "Terms of the Issue" on page no.179. of this Letter of Offer.
(2) Constitutes 25% of the Issue Price.
(3) Constitutes 75% of the Issue Price.
to be paid at such time as may be determined by the Board at its sole discretion.</td></tr>
<tr><td>Use of Issue Proceeds</td><td>Please refer to the chapter titled "Objects of the Issue" on page no. 40 of this Letter of Offer.</td></tr>
</table>

For Rights Equity Shares being offered under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 2 Equity Shares or is not in multiples of 2, as per SEBI Rights Issue Circular the fractional entitlement of such Eligible Equity Shareholders shall be ignored for computation of the Rights Entitlements. However, Eligible Equity Shareholders whose fractional entitlements are being ignored earlier will be given preference in the Allotment of one additional Rights Equity Share each, if such Eligible Equity Shareholders have applied for additional Rights Equity Shares over and above their Rights Entitlements.

Please refer to the chapter titled "Terms of the Issue" on Page 179 of this Letter of Offer.

GENERAL INFORMATION

The Company was originally incorporated on 25th June, 1985, as “Pharmasia Drugs and Chemicals Private Limited” under the Companies Act, 1956 as a private limited company with the Registrar of Companies, Bengaluru, Karnataka. The Registered Office of the Company was shifted from the state of Karnataka to Andhra Pradesh on 29th March, 1990 and subsequently the Company was converted into a public limited company on 15th February, 1995. The Company’s name was changed to “Prudential Pharmaceuticals Limited” on 22nd February, 1995 and further to “Gennex Laboratories Limited” on 19th September, 2007.

Registered office of the Company:

Gennex Laboratories Limited
Survey #133, IDA Bollaram, Jinnaram Mandal,
Sanga Reddy District – 502 325, Telangana, India.
Phone: +91-8458279406, Telefax: +91-8454279516
E-mail: investorrelations@gennexlab.com;
website: www.gennexlab.com
CIN: L24230TG1990PLC011168
Registration No: 01-11168

Corporate Office of the Company:

Akash Ganga, 3rd Floor,
Plot No.144, Srinagar Colony,
Hyderabad 500073, Telangana, India
Phone: +91-40-67334400. Fax: +91-40-67334433
E-mail: investorrelations@gennexlab.com;
website: www.gennexlab.com

Registrar of Companies

The Company is registered with the Registrar of Companies, Hyderabad, Telangana situated at the following address:

Registrar of Companies, Andhra Pradesh & Telangana

2nd Floor, Corporate Bhawan,
GSI Post, Tattiannaram Nagole, Bandlaguda
Hyderabad - 500 068, Telangana, India
Phone: + 91 40-29805427/29803827/29801927 Fax: +91 40-29803727
Email: roc.hyderabad@mca.gov.in

Company Secretary and Compliance Officer

Mr. Rajesh Vankadara
Akash Ganga, 03rd Floor, Plot No.144, Srinagar Colony,
Hyderabad 500073, Telangana, India
Phone: 040-67334400;
E-mail: cs@gennexlab.com

Bankers to the Company

Axis Bank Limited
Kolkata Corporate Banking Branch
AC Market Building, 03rd Floor,
#1. Shakespeare Sarani, Kolkata - 700 071
Phone 033 22822346/35
Email: cbbkolkata.operationshead@axisbank.com
Website: www.axisbank.com
Contact Person: Mr. Avishek

Lead Manager to the Issue

Quintessence Enterprises Private Limited

Registered & Corporate Office:
8-2-603/1/VP, Plot No.8A, Road No.10,
Banjara Hills, Hyderabad-500082,
Telangana, India.
Tel: +91 40 2339 8744
e- mail:quintessence@qeplindia.com
web: www.qeplindia.com
Contact Person: Ms.Lavanya Chandra
SEBI Regn. No.: INM000011997

Registrar to the Issue

Bigshare Services Private Limited

Corporate Office:
S6-2, 6th floor Pinnacle Business Park,
Next to Ahura Centre, Mahakali Caves Road,
Andheri (East), Mumbai – 400072
Tel. No.: +91 – 22 – 6263 8200
e-mail: rightsissue@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Mr. Vijay Surana
SEBI Regn No: INR000001385

Statutory Auditors of the Company

PPKG & Co.,
Chartered Accountants
Firm Registration Number: 009655S
Peer Review #012087
#5-8-352, 701, 7th Floor,
Raghav Ratna Towers, Chirag Ali Lane,
Abids, Hyderabad – 500 001, Telangana, India.
Contact person: Girdhari Lal Toshniwal, Partner
Membership Number: 205140
Phone: 040-23205049
E-mail: giri@ppkg.com
Website: www.batgach.com

Bankers to the Issue / Refund Banker

AXIS Bank Ltd,

Priority Banking Branch Kolkata,
#2/8 B Sarat Bose Road,
Kolkata – 700020, West Bengal
Phone: 9836704111
Email: prioritybankingkol.branchhead@axisbank.com
Website: www.axisbank.com
Contact Person: Ms. Sheila Bisoyi

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided at the website of the SEBI https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes and updated from time to time. For details on Designated Branches of SCSBs collecting the Application Forms, refer to the website of the SEBI https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes. On Allotment, the amount will be unblocked and the account will be debited only to the extent required to pay for the Rights Equity Shares Allotted.

For more details on the ASBA process, please refer to the details given in ASBA form and also please refer to the chapter titled "Terms of the Issue" starting on page no. 179 of this Letter of Offer.

Inter – se allocation of Responsibilities:

Quintessence Enterprises Private Limited is the sole Lead Manager to the Rights Issue and shall be responsible for all the activities and required coordination in relation to the Issue. Hence, a statement of inter-se responsibilities is not required.

Expert Opinion:

The Company has received a written consent dated 28th March, 2022 from the Statutory Auditors, M/s PPKG & Co., Chartered Accountants, to include their names in this Letter of Offer as defined under applicable laws, to the extent and in their capacity as statutory auditors, and in respect of the reports relating to financial statements / information issued by them, the Statement of Tax Benefits and certificate for deployment of funds towards the Objects of the Issue, included in this Letter of Offer. Such consent has not been withdrawn as on the date of this Letter of Offer.

Investor grievances

Investors may contact the Registrar or the Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), E-mail address of the sole/ first holder, folio number or demat account number, number of Issue Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, please refer to the chapter entitled 'Terms of the Issue' beginning on page 179.

Credit Rating

As this is an Issue of Equity Shares, credit rating is not required.

Debenture Trustees

As the Issue is of Equity Shares, the appointment of Debenture trustees is not required.

Monitoring Agency

As the net proceeds of the Issue shall not exceed ₹100 crores, under the SEBI ICDR Regulations no monitoring agency has been appointed by the Company.

Filing

This Letter of Offer is being filed with the BSE as per the provisions of the SEBI ICDR Regulations. Further, in light of the SEBI notification dated March 27, 2020, the Company will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

Changes in Auditors during the last three years

There has been no change in the Statutory Auditor of the Company in last three years.

Underwriting Agreement

This Issue is not underwritten and the Company has not entered into any underwriting arrangement.

Issue Schedule

The subscription will open upon the commencement of the banking hours and will close upon the close of banking hours on the dates mentioned below:

Event	Indicative Day & Date
Last Date for Credit of Rights Entitlements	Thursday, 4th August, 2022
Issue Opening Date	Friday, 5th August, 2022
Last Date for On Market Renunciation of Rights	Friday, 12th August, 2022
Issue Closing Date*	Friday, 19th August, 2022
Finalisation of Basis of Allotment (on or about)	Thursday, 25th August, 2022
Date of Allotment (on or about)	Friday, 26th August, 2022
Date of Credit (on or about)	Wednesday, 31st August, 2022
Date of Listing (on or about)	Friday, 2nd September, 2022

 # Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renounces on or prior to the Issue Closing Date.

**The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not remain open in excess of 30 (thirty) days from the Issue Opening Date.*

Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date. The above schedule is indicative and does not constitute any obligation on the Company or the Lead Manager

Minimum Subscription

The Issue does not involve financing of capital expenditure for a project. Further, the Promoters and Promoter Group have undertaken that they will subscribe to the full extent of their Rights Entitlements and that they shall not renounce their Rights Entitlements (except to the extent of renunciation by any of them in favour of any other Promoter or member of the Promoter Group) subject to the aggregate shareholding of the Promoters and Promoter Group being compliant with the minimum public shareholding requirements under the SCRR and the SEBI Listing Regulations. Accordingly, in terms of Regulation 86(1) of the SEBI ICDR Regulations, the requirement of minimum subscription is not applicable to the Issue.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been appraised by any banks or financial institution or any other independent agency.

Underwriting

This Issue is not underwritten and the Company has not entered into any underwriting arrangement.

Filing

SEBI *vide* the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Letter of Offer has been filed with the Stock Exchanges and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the Stock Exchanges.

CAPITAL STRUCTURE

The Issue has been authorized by way of a resolution passed by the Board on 6th April, 2022 pursuant to Section 62 of the Companies Act, 2013.

The share capital of the Company, as on the date of the Letter of Offer is set forth below.

(₹ in crores except per share data)

Particulars	Aggregate Nominal Value	Aggregate Value at Issue Price
Authorised Share Capital		
20,00,00,000 Equity shares of ₹1.00 each	20.00	
Issued, Subscribed and Paid-up capital before the Issue		
12,65,03,000 Equity shares of ₹1.00 each	12.65	
Present Issue in terms of this Letter of Offer (1)		
6,32,51,500 Equity Shares issued on Rights Basis, each at a premium of ₹ 5 Equity Share i.e. at a Price of ₹6 per Rights Equity Share	6.32	37.951
Issued, subscribed and paid-up capital after the Rights Issue		
18,97,54,500 Equity Shares of ₹1.00 each	18.97	
Subscribed and Paid-up Capital		
18,97,54,500 fully paid-up Equity Shares of ₹1.00 each	18.97	
Securities Premium Account		
Before the Issue		6.00
After the First and Final Call made in respect of the Rights Equity Shares (2)		37.626*

1) The Issue has been authorized by the Board through resolution dated 6th April, 2022.
(2) Assuming full subscription by the Eligible Equity Shareholders of the Rights Equity Shares and receipt of all the Call Monies from holders of the Rights Equity Shares. On Application, Investors will have to pay ₹ 1.50 per Rights Equity Share which constitutes 25% of the Issue Price and the balance ₹ 4.50 per Rights Equity Share which constitutes 75% of the Issue Price, will have to be paid on First and Final Call, as determined by the Board at its sole discretion from time to time.

Notes to the Capital Structure

1) As on the date of this Letter of Offer, the Company does not have any outstanding warrants, outstanding instruments with option to convert or securities which are convertible at a later date into Equity Shares.

2) The Company does not have any employee stock option scheme or employee stock purchase scheme.

3) Shareholding Pattern of the Company as per the last filing with the Stock Exchange in compliance with the provisions of the SEBI Listing Regulations

    a) The shareholding pattern of the Company, as on 31st March, 2022, can be accessed on the website of the BSE here.

    b) The statement showing holding of Equity Shares of persons belonging to the category "Promoters and Promoter Group" including the details of lock-in, pledge of and encumbrance thereon, as on 31st March, 2022, can be accessed on the website of the BSE here.

    c) The statement showing holding of securities of persons belonging to the category "Public" including Equity Shareholders holding more than 1% of the total number of Equity Shares as on 31st March, 2022, can be accessed on the website of the BSE here.

    d) Statement showing shareholding pattern of the Non-Promoter Non Public shareholder of the Company as on 31st March, 2022 can be accessed on the website of the BSE here.

4) 22,50,000 Equity Shares held by VAB Ventures Limited, a company forming part of the Promoter Group, has been pledged on 14th March, 2022. Other than this, no other Equity Shares held by the Promoter or members of the Promoter Group have been locked-in, pledged or encumbered as of the date of the Letter of Offer.

5) The Equity Shares of the Company are fully paid up and there are no partly paid-up Equity Shares as on the date of the Letter of Offer.

6) At any given time, there shall be only one denomination of the Equity Shares. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

7) As on the date of the Letter of Offer, the company has not issued any SR equity shares and there are no outstanding equity shares having special voting rights.

8) There has been no acquisition of specified securities by the Promoter and Promoter Group in the last 1 (One) year immediately preceding the date of filing of the Letter of Offer:

9) The ex-rights price arrived in accordance with the formula prescribed under Clause 4 (b) of Regulation 10 of the SAST Regulations, 2011 in connection with the Issue is ₹6.71/-

10) No person connected with the Issue shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Investor for making an application in the rights issue, except for fees or commission for services rendered in relation to the Issue.

11) Details for subscription of Rights Equity Shares by Promoter and Promoter Group

The Promoters and the Promoter Group have, vide letter of the Promoter Mr. Arihant Baid (issued by him on behalf of the Promoters and the Promoter Group) dated 24th March, 2022 (the “Subscription Letter”), undertaken to: (a) subscribe, jointly and/ or severally to the full extent of their Rights Entitlement and subscribe to the full extent of any Rights Entitlement that may be renounced in their favour by any other Promoters or member(s) of the Promoter Group of the Company; and (b) subscribe to, either individually or jointly and/ or severally with any other Promoters or member of the Promoter Group, for additional Rights Equity Shares, including subscribing to unsubscribed portion (if any) in the Issue.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Rights Equity Shares (including any unsubscribed portion of the Issue) is exempt in terms of Regulation 10(4)(b) of the Takeover Regulations as conditions mentioned therein have been fulfilled and shall not result in a change of control of the management of the Company in accordance with provisions of the Takeover Regulations.

The additional subscription by the promoters shall be made subject to such additional subscription not resulting in the minimum public shareholding of the issuer falling below the level prescribed in Regulation 38 of LODR/ SCRR. The Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

SECTION V – PARTICULARS OF THE ISSUE

OBJECTS OF THE ISSUE

The Objects of the Issue are:

1. Meeting the Working capital requirement
2. Repayment of borrowings availed by the Company from lenders.
3. Further Investment in Deccan Remedies Ltd.,
4. General Corporate Purposes.

The Company intends to utilize the gross proceeds raised through the Issue (the "**Issue Proceeds**") after deducting the Issue related expenses ("**Net Proceeds**") for the above-mentioned objects (collectively, referred to as the "Objects").

The main object clause and objects incidental or ancillary to the main objects as set out in the Memorandum of Association enable the Company to undertake its existing activities and the activities for which funds are being raised by the Company through the Issue.

Details of Issue Proceeds and its utilisation:

Particulars	Amount (₹ in crs)
Gross proceeds of the Rights Issue*	37.951
Less: Estimated Issue expenses	0.550
Net Proceeds of the Rights Issue#	37.401

**To be finalised at the time of filing the Letter of Offer.*
#Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares.

Utilisation of Net Proceeds:

S.No.	Particulars	Amount (₹ in crs)
I	Meeting the Working capital requirement	15
II	Repayment of borrowings availed by the Company from lenders	16
III	Further Investment in Deccan Remedies Ltd.,	1
IV	General Corporate Purposes	5.401
Total Net Proceeds of the Rights Issue*		37.401

* *Assuming full subscription and receipt of all Call Monies with respect to Rights Equity Shares and subject to finalisation of the basis of allotment and to be adjusted as per the Rights Entitlement ratio.*

Means of Finance:

The Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, the Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

The fund requirement and deployment are based on the Management's estimates and has not been appraised by any bank or financial institution or any other independent agencies. The fund requirement above is based on the Company's current business plan and the estimates may have to be revised from time to time on account of various factors beyond the Company's control, such as market conditions, competitive environment and interest or exchange rate fluctuations. Consequently, the Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of the Management

Details of the Objects of the Issue

1. Meeting the Working Capital Requirement:

The Company also seeks to utilize some part of the issue proceeds for meetings its working capital requirement. Since, the Company plans to repay its loans including the working capital facilities availed from the banks. it requires some funds for working capital. Repayment nullifies the impact of debt and save the debt servicing cost Utilizing some part of the issue proceeds for working capital, also saves on debt servicing. Low or no debt also open more options for financing at better or favourable rates of interest.

The Company's business is working capital intensive and the estimates keep revising in this dynamic and competitive market conditions, business, strategies and growth opportunities. Consequently, the working capital requirement may change.

Based on the figures as at 31st March, 2021 (12 months) and 31st March 2022 (12 months), the following estimate has been worked out for FY 23 for a period of 12 months (Apr 2022 – Mar 2023):

S.No.	Particulars	As at 31 Mar, 2022 (Audited)	As at 31 Mar, 2023 (Projected)
A	**Current Assets**	12 months	12 months
	(a) Inventories		
	(i) Raw-Material	195.65	260.87
	(ii) Packing Material	5.45	7.27
	(iii) Stores and Spares	27.22	36.29
	(iv) Coal & Diesel	2.28	3.04
	(v) Work-in Process	428.27	571.03
	(vi)Finished Goods	114.81	153.08
	(b) Trade receivables/Sundry Debtors	1,131.35	1,508.47
	(c) Cash and Cash Equivalents	831.29	1,108.39
	(d) Other assets	1,981.85	2,642.47
	Sub-Total(A)	**4,718.17**	**6,290.89**
B	**Current liabilities**		
	(a) Borrowings	1,012.37	1,349.83
	(b) Trade payables/Sundry Creditors	774.05	1,032.07
	(c) Other current liabilities	634.38	845.84
	Sub-Total(B)	**2,420.80**	**3,227.73**
C	**Net Working Capital (A - B)**	**2,297.37**	**3,063.16**
D	**Working Capital Gap**		
E	**Funding Pattern**		
	Funding through Internal Accruals /Other Borrowings	**2,297.37**	1,531.58
	Working Capital funding through Rights Issue proceeds to be utilized	-	**1,531.58**

Notes on Working Capital for the projected Working Capital Requirement:

Debtors	Debtors holding period decreased from 90 days in FY 21 to 45 days during FY 22 due to increase in sales and better credit management policies.
Creditors	Creditors' payment days reduced from 120 days in FY 21 to 90 days in FY 22.
Inventory	Inventory days reduced from 75 days in FY 21 to 45 days in FY 22.

2. Repayment of borrowings availed by the Company from lenders

The Company proposes to utilize some part of the issue proceeds in repayment of its loans. Two loans are term loans granted by the Bank as covid loans as part of the Bank's policy.

The outstanding loans as at 31st March, 2022 is ₹ 15.48 crores against a sanctioned limit of ₹ 18.88 crores and as at 08th June, 2022 the outstanding loans stands at ₹ 16.33 crores. The nature of these loans are cash credit, letter of credit, term loan and covid loans granted by Axis Bank Ltd., and one car loan from Yes Bank Ltd., A summary table is given herewith:

Particulars (₹ in crs)	Sanction Letter	Sanctioned Limits	Balance as at 31st Mar, 2022	Balance as at 08th June, 2022
Axis Bank:				
Cash Credit (BG, EPC/FBD/PCFC/PSCFC & FCDL – Sub limits of CC)	AXISB/SME/Kolkata South/SEG/2021-22/123 dated 8th November, 2021 & 139 dated 25th November, 2021.	8.00	7.09	7.46
Letter of Credit		8.00	6.75	6.92
Term Loan		1.00	0.00	0.37
ECLGS/Covid Loan & Extension		1.73	1.50	1.45
Total(A)		**18.73**	**15.34**	**16.20**
Car Loan from Yes Bank	Letter dated. 23rd December, 2021	0.15	0.14	0.13
Total(B)		**0.15**	**0.14**	**0.13**
Total (A+B)		**18.88**	**15.48**	**16.33**

More details of the above loans are given hereunder:

Sanctioned credit Facilities by Axis Bank:

#	Nature of the Facility	Sanctioned Limits (Rs. in crs)	Margin	ROI/Commission	Tenor (in Months)	Terms & Conditions
1	Cash Credit (CC) Sub-limits to CC: 1. Performance Bank Guarantee **(PBG)** – ₹ 1 cr 2. Export Credit – ₹ 8 crs **(EPC/FBP/FBD/PCFC/PSFC)** 3. Foreign Currency Demand Loan **(FCDL)** – ₹ 8 crs. Working capital limits revised vide sanction letter no. 123 dated 8th November, 2021.	8.00	CC: Raw Material - 25%; Stock-in-Process - 25%; Finished Goods & Pkg. Material - 25%; Stores & Spares - 25%; Book Debts/Debtors (Cover period 90 days) -25% (Cover period upto 90 days) PBG: CM (Cash Margin) – 15%	CC: Repo Rate + 3.40% PBG: Bank guarantee (BG)-1% Counter BG – 0.40% Export Credit: 6months LIBOR + 125bps EPC – Repo Rate +3.40% FCDL: 6months LIBOR + 125bps	CC: 12 PBG: 36 Export Credit: 12 FCDL: 6	**Repayment:** On demand **PBG:** **Security:** i) Counter guarantee of the borrower; ii) All the primary/collateral securities/ guarantees stipulated for cash credit facilities will also be extended to cover the guarantee facility. **Export Credit:** **Penal Interest** at 4% p.a. on the overdue amount/ interest will be charged. **Repayment:**

						EPC/PCFC will be allowed up to 90 days or expiry of contract/ export letters of credit for shipment whichever is earlier. In case of non-payment, the bills will be crystallized as per RBI regulations. **FCDL:** **Repayment:** a) Bullet repayment at the end of 6 months or Roll over option b) Interest to be serviced separately as and when debited, on monthly basis. **Security:** As per Security template in the Sanctioned Letter
2	Letter of Credit Working capital limits revised vide sanction letter no. 123 dated 8th November, 2021.	8.00	CM (Cash Margin) – 10%	1.00%	12	**Security:** i) Goods procured under LC; ii) As stipulated for cash credit facility.
3	Term Loan Covid loan from the Bank vide sanction letter no. 123 dated 8th November, 2021.	1.00	Nil	Repo Rate + 4.00%	60 Months include 6 Months Moratorium	**Penal Interest:** 1% penal interest will be charged in the event of default or irregularity/default in the account; ii) If the overdrawing are on more than three occasions in a calendar month, 4% further penal interest will be charged

						(i.e. pricing +4% from the date of overdrawing/non-interest servicing). **Security:** As per Security template in the Sanctioned Letter
4	Term Loan/Covid Loan (ECLGS -1 & 2) Covid loan from the Bank vide sanction letter no. 123 dated 8th November, 2021 and sanction letter no. 135 dated 25th November, 2021.	1.73	Nil	Repo Rate + 3.60%	ECLGS 1: Residual Period ECLGS 2: 60 Months include 24 Months Moratorium	**Security:** Extension of hypothecation charge on primary securities available for existing securities. **Collateral:** Extension of second charge on existing security
	Sub - Total	**18.73**				
5	Car Loan vide letter dtd. 23rd December, 2021.	0.15	Nil	7.50%	48	Hypothecation of the Car
	Sub - Total	**0.15**				
	TOTAL	**18.88**				

Security:

Primary Securities: - Hypothecation charge on the entire current assets of the company both present and future, hypothecation charge on entire moveable fixed assets of the company both present and future and all other assets excluding vehicles and assets financed exclusively by other Bank /FIs, hypothecation charge on entire fixed assets of the company (except Vehicles)

Collateral Securities: - Equitable Mortgage of factory land & building with an area of 2 acres (87,120 Sq.ft) located at SNO 133/A, 133/8, 133/C, 133/D in SNO 133. IDA Bollaram, Jinnaram Mandal, Medak Dist-502325, Telangana in the name of Gennex Laboratories Limited. All security to be extended for enhanced limit and 30 days allowed from the date of disbursement for creation of security and 50% of enhanced limit to be disbursed pending security creation. Collateral Security coverage shall be maintained at 50.41% of proposed exposure.

Personal guarantee by Mr. Arihant Baid.

The Company intends to repay these loans and nullify the impact of debt and save on the debt servicing costs leaving more for the shareholders on the table. Low or no-debt will also open more options for financing in case of any prospective expansion plans.

3. Further Investment in Deccan Remedies Limited

Deccan Remedies Limited was incorporated on 31st January, 1994 under the jurisdiction of RoC, Hyderabad. The Company with its main objects aligned to the pharma sector holds a Certificate of Commencement of Business dated 2nd March, 1994. Gennex holds 44.27% in Deccan Remedies Limited and the latter is classified as an associate of Gennex as per Section 2(6) of the Companies Act, 2013. The Company now plans to increase its stake in Deccan Remedies Ltd., to 51% and make it a subsidiary of the Company.

4. General Corporate Purposes:

The Company intends to deploy a part of the gross proceeds of the Rights Issue towards general corporate purposes including but not restricted to strengthening marketing capabilities, general maintenance or contingencies in ordinary course of business which may not be foreseen or any other purposes as approved by the Board of Directors. The Management, in accordance with the policies of the Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. However, not more than 25% of the gross proceeds of the issue would be deployed for the General Corporate purposes.

5. Estimated Issue expenses:

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses and registrar and depository fees. The estimated Issue related expenses are as follows:

#	Activity	Estimated Amount (₹ in crs)	% of Total Expenses	As a % of Issue Size
1	Fees payable to the intermediaries (including Lead Manager fees, selling commission, Registrar fees and expenses.	0.18	33	0.47
2	Expenses relating to Advertising, printing, distribution, marketing and stationery expenses	0.09	16	0.24
3	Statutory and other Miscellaneous Expenses	0.28	51	0.74
	TOTAL	**0.55**	**100%**	**1.45%**

**Amount will be finalised at the time of filing of the Letter of Offer and determination of Issue Price and other details.*
** Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds received at the time of receipt of the subscription amount to the Rights Equity Shares.*
^Excluding taxes
#Assuming full subscription.

Schedule of Implementation and Deployment of Funds

The Company shall be receiving 25% of the Issue Price of the Net Proceeds on Application and the balance shall be received by the Company in subsequent Calls (the timing of which shall be determined by the Board of Directors at its sole discretion). Accordingly, the Company retains the right to utilise the Net Proceeds to meet the stated objects. The Company proposes to deploy the entire Net Proceeds towards the Objects as described herein during Fiscal 2023 itself. To the extent the Company is unable to utilise any portion of the Net Proceeds towards the aforementioned Objects of the Issue, as per the estimated schedule of deployment, the Company shall deploy the Net Proceeds in the subsequent Fiscal towards the aforementioned Objects.

Deployment of Funds towards the Objects of the Issue

The Company has incurred ₹ 6.45 Lakhs towards the Objects of the Issue, as at 02nd June, 2022 which has been certified by Statutory Auditor M/s. PPKG & Co., Chartered Accountants vide their certificate dated 02nd June, 2022. The said amount has been met by the Company from its own resources and the same will be adjusted against the issue proceeds.

Interest of Promoters and Directors in the Objects of the Issue

The Promoters and Directors of the Company do not have any personal or beneficial interest in the Objects of the issue other than in the normal course of the business.

Interim use of funds

The Company, in accordance with the policies established by the Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization for the purposes described above, the Company intends to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934 as may be approved by the Board of Directors. The Company confirms that pending utilization of the Net Proceeds for the Objects of the Issue, the Company shall not use the Net Proceeds for any investment in the equity markets.

Appraisal and Bridge Financing Facilities

The Company has not raised any bridge loan from any bank or financial institution as on the date of the Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Monitoring of utilization of funds

Since the Issue is for an amount not exceeding ₹ 10,000 lakhs, in terms of Regulation 82(1) of the SEBI ICDR Regulations, the Company is not required to appoint a monitoring agency for the purposes of the Issue. As required under the SEBI Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. The Company will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in the financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulations 18 of the SEBI Listing Regulations, the Company will disclose to the Audit Committee the uses/ applications of funds on a quarterly basis as part of the quarterly declaration of results. Further, on an annual basis, the Company shall prepare a statement of funds utilized for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. The said disclosure shall be made till such time that the Gross Proceeds raised through the Issue have been fully spent. The statement shall be certified by the Auditor.

Further, in terms of Regulation 32 of the SEBI Listing Regulations, the Company will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in the Letter of Offer. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Regulations 33 of the SEBI Listing Regulations and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Regulation 18 of the SEBI Listing Regulations.

Other Confirmations

No part of the Net Proceeds will be paid by the Company as consideration to the Promoter and Promoter Group, Directors, Key Managerial Personnel of the Company.

Key Industrial Regulations for the proposed objects of the Issue

Key Industrial Regulations are not applicable.

STATEMENT OF TAX BENEFITS

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA

To
The Board of Directors
Gennex Laboratories Limited
Survey #133, IDA Bollaram,
Jinnaram Mandal,
Sangareddy District – 502 325,
Telangana State, India

Dear Sirs,

Subject: Statement of Possible Tax Benefits available to Gennex Laboratories Limited ("the Company") and its shareholders under the Indian tax laws prepared in accordance with the requirement under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the "ICDR Regulations") for the proposed rights issue of equity shares having face value of Rs. 1/- each (the "Equity Shares") of the Company (the "Issue")

We, PPKG & Co., Chartered Accountants, the statutory auditors of the Company, hereby confirm that the enclosed Annexure 1 and 2 (together "the Annexures"), prepared by the Company, provides the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 ('the Act') as amended by the Finance Act 2020, i.e. applicable for the Financial Year 2020- 21 relevant to the assessment year 2021-22, the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act") as amended by the Finance Act 2020, i.e., applicable for the Financial Year 2020-21 relevant to the assessment year 2021-22, presently in force in India (together, the "Tax Laws"). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and / or its shareholders to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

The benefits discussed in the enclosed Annexures are not exhaustive and cover only special tax benefits under Tax Laws and do not cover general tax benefits available to the Company or its shareholders and the preparation of the contents stated is the responsibility of the Company's management. We are informed that these Annexures are only intended to provide information to the investors and are neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed rights issue.

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

i. the Company or its shareholders will continue to obtain these benefits in future;
ii. the conditions prescribed for availing the benefits have been / would be met with; and
iii. the revenue authorities/courts will concur with the views expressed herein.

The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

This certificate is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Draft Letter of Offer, Letter of Offer prepared in connection with the Issue to be filed by the Company with the Securities and Exchange Board of India ("SEBI") / BSE Limited ("BSE") and in any other material used in connection with the Issue.

For PPK & Co.,
Chartered Accountants
Firm Regn # 009655 S

sd/-

CA Giridhar Toshniwal
Partner
Membership #205140
UDIN: 22205140AHHTG18136
Date: 18th April, 2022
Place: Hyderabad

Annexure 1

STATEMENT OF TAX BENEFITS AVAILABLE TO GENNEX LABORATORIES LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as 'The Act')

1. **Special tax benefits available to the Company under the Act**

   There are no special tax benefits available to the Company.

2. **Special** tax benefits available to the shareholders under the Act

   There are no special tax benefits available to the shareholders of the Company.

Notes:

1. The above Statement sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.
2. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
3. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2021 – 22. Several of these benefits are dependent on the Company or its shareholder fulfilling the conditions prescribed under the relevant tax laws.
4. This statement is intended only to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
5. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

Annexure 2

STATEMENT OF TAX BENEFITS AVAILABLE TO GENNEX LABORATORIES LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

I. **The Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 ("GST Act")** *(collectively referred to as "indirect tax")*

1. **Special indirect tax benefits available to the Company**

   There are no indirect tax benefits available to the Company.

2. **Special indirect tax benefits available to Shareholders**

   There are no indirect tax benefits applicable in the hands of the shareholders for investing in the shares of the Company.

Notes:

1. Our comments are based on our understanding of the specific activities carried out by the Company till the date of this Annexure as per the documents provided to us and the discussions held with the representatives of the Company. Any variation in the understanding could require our comments to be suitably modified.
2. These comments are based upon the provisions of the specified Indirect tax laws, and judicial interpretation there of prevailing in the country, as on the date of this Annexure.
3. We have been given to understand by the audit team that till the date of this Annexure, the Company has:
   - not claimed any exemption / benefit under the GST law on outward supplies of goods and services made by them except to the extent the supply of goods which were chargeable at 'Nil' rates as per the applicable Tariff;
   - availed input tax credit in respect of procurement of goods and services in so far, the same were attributable to taxable outward supply of goods and / or services in accordance with the provisions of GST Law;
   - not exported any goods or services;
   - imported services on payment of IGST at the applicable rates as per the applicable Tariff;
   - not claimed any incentive under any State Incentive Policy.
4. The above statement covers only above-mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.
5. This Annexure is solely for the information and use of the statutory auditors of the Company. The Annexure may not be used for any other purpose, or distributed to any other party, without our prior written consent. Any party other than the statutory auditors of the Company should not rely on this Annexure without seeking prior professional advice.

   The firm has no responsibility to update this Annexure for events or circumstances occurring after this date, unless specifically requested by the statutory auditors of the Company.

SECTION VI: ABOUT THE COMPANY

INDUSTRY OVERVIEW

Introduction

India is the largest provider of generic drugs globally supplying over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all medicine in the UK. Globally, India ranks third in terms of pharmaceutical production by volume and 14th by value. The domestic pharmaceutical industry includes a network of 3,000 drug companies and ~10,500 manufacturing units.

India enjoys an important position in the global pharmaceuticals sector. Presently, over 80% of the antiretroviral drugs used globally to combat AIDS (Acquired Immune Deficiency Syndrome) are supplied by Indian pharmaceutical firms.

Market Size

According to the Indian Economic Survey 2021, the domestic market is expected to grow 3 times in the next decade and the domestic pharmaceutical market was estimated at US$ 42 billion in 2021 and likely to reach US$ 65 billion by 2024. As of August 2021, CARE Ratings expected India's pharmaceutical business to develop at an annual rate of ~11% over the next two years to reach more than US$ 60 billion in value.

In the global pharmaceuticals sector, India is the world's largest supplier of generic medications, accounting for 20% of the worldwide supply by volume and supplying about 60% of the global vaccination demand. The Indian pharmaceutical sector is worth US$ 42 billion and ranks 3rd in terms of volume and 13th in terms of value worldwide.

According to India Ratings & Research, the Indian pharmaceutical market revenue is expected to be over 12% Y-o-Y in FY22.

Exports

India’s drugs and pharmaceuticals exports stood at US$ 24.44 billion in FY21. The country is the 12th largest exporter of medical goods in the world, the sector contributing to 6.6% to the total merchandise exports. Indian drugs are exported to more than 200 countries in the world. Generic drugs account for 20% of the global export in terms of volume, making the country the largest provider of generic medicines globally. India’s drugs and pharmaceuticals exports stood at US$ 3.76 billion between April 2021 and May 2021. The foreign direct investment (FDI) inflow in the Indian drugs and pharmaceuticals sector stood at US$ 18.12 billion between April 2000 and June 2021. The foreign direct investment (FDI) inflows in the Indian drugs and pharmaceuticals sector reached US$130 million between April 2021 and June 2021. In FY21, North America was the largest market for India’s pharma exports with a 34% share and exports to the U.S., Canada and Mexico recorded a growth of 12.6%, 30% and 21.4%, respectively.

Advantage India

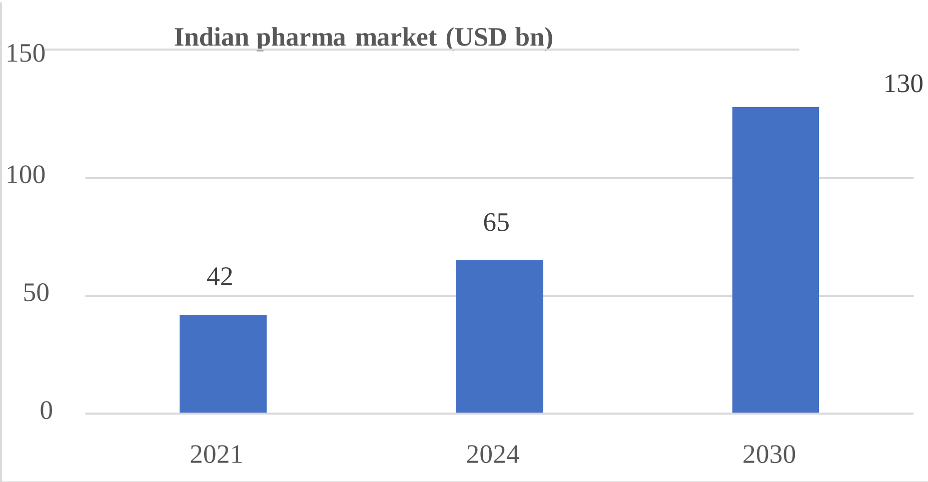
i. Cost efficiency – low cost of production and R & D boost.

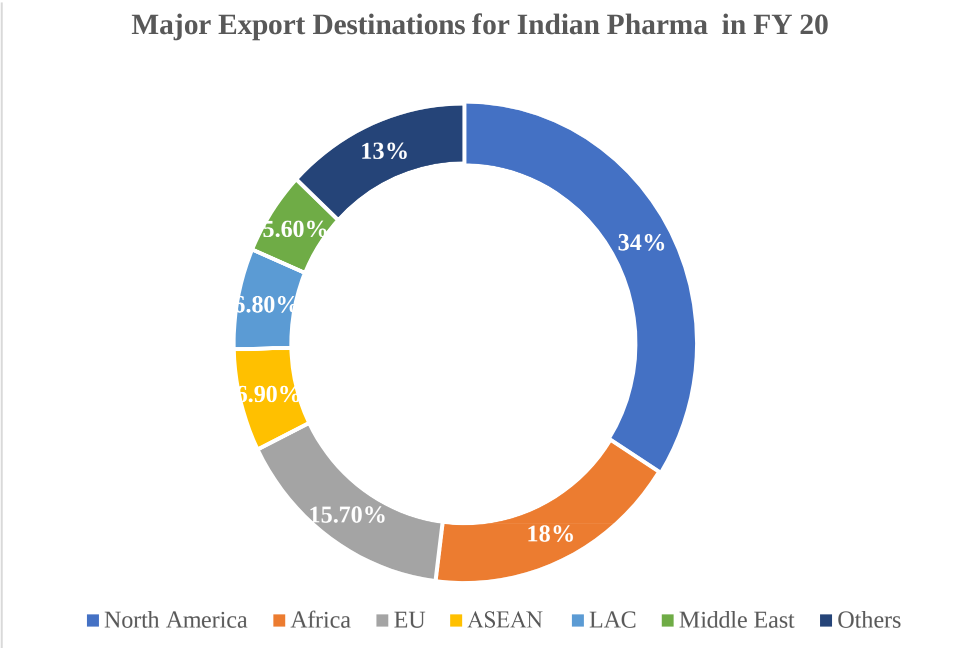
ii. Economic Drivers – Increased penetration of health insurance to drive expenditure on medicine.

iii. Policy Support – Government has approved a production – linked incentive scheme for FY 21 to FY 29. The scheme is expected to attract investments of Rs.15000 crores. in June 2021, the Finance Minister has announced an additional outlay of Rs.197,000 Crores to be utilised over 5 years for this scheme in 13 key sectors such as APIs, drug intermediaries and key starting materials.

iv. Increasing Investment – The FDI flow in this sector stood at USD 18.12 bn between April 2000 and June 2021.

v. The domestic API consumption is expected to touch USD 18.8 bn in FY 22. The Government has approved USD 955 million production linked incentive scheme to encourage domestic production of important starting materials, pharmacological intermediates and APIs.





Road Ahead

Medicine spending in India is projected to grow 9 12% over the next five years, leading India to become one of the top 10 countries in terms of medicine spending. Going forward, better growth in domestic sales would also depend on the ability of companies to align their product portfolio towards chronic therapies for diseases such as such as cardiovascular, anti-diabetes, anti-depressants and anti-cancers, which are on the rise.

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

(The above data has been sourced from www.ibef.org, Indian Brand Equity Federation, Ministry of Commerce, Government of India)

BUSINESS OVERVIEW

Gennex Laboratories Limited was originally incorporated on 25th June, 1985, as "Pharmasia Drugs and Chemicals Private Limited" under the Companies Act, 1956 as a private limited company with the Registrar of Companies, Bengaluru, Karnataka. The Registered Office of the Company was shifted from the state of Karnataka to Andhra Pradesh on 29th March, 1990 and subsequently the Company was converted into a public limited company on 15th February, 1995. The Company's name was changed to "Prudential Pharmaceuticals Limited" on 22nd February, 1995 and further to "Gennex Laboratories Limited" on 19th September, 2007.

The Company is engaged in the manufacture of Active Pharmaceutical Ingredients that are regularly referred to as bulk drugs. The manufacturing unit is located in IDA Bollarum, Hyderabad, Telangana, India. The installed capacity of the plant is 600 TPA of which more than 95% is the current capacity utilization. The plant, located on around 2.2 acres of land is owned by the Company since the year 1995. The Company is also an ISO 14001:2015 and ISO (OHSAS) 45001:2018 certified. It also has got WHO GMP certificate issued in the year 2020 and valid for a period of three years, for six of its products.

Products and Process:

The Company has an installed capacity of 600 TPA of which more than 95% is being utilised. The table below gives the quantity of production.

Capacity installed	Actual production		
	FY 2019-20	FY 2020-21	FY 2021-22
600 TPA	692.62 TPA	687.19 TPA	685.05 TPA

The produced quantity also includes production sourced from job works due to increased demand.

Products:

The Company has obtained drug licence for about fifteen active pharma ingredients of which it is focused on and manufacturing around eight of them that are used in expectorants, muscle relaxants, anti-depressants, anti-fungal, urinary tract analgesics and other analgesics. The four major products are Guaifenesin, Methocarbamol, Fluconazole and Phenazopyridine HCL that contribute to almost 97% of the total production quantity. Guaifenesin and Methocarbamol together contribute to more than 90% of the production quantity.

Remaining products are manufactured and supplied on demand basis.

The production process is carried out by a qualified team of technical staff who have been approved by the Drugs Control Administration, Government of Telangana.

All the plant and machinery are owned by the Company and subject to routine in – house maintenance. The production facility has about twenty-four Stainless Steel and Five Glass lined reactors. While majority of the production takes place in Stainless steel reactors, glass lined reactors are used for certain processes where the chemical may, otherwise, react with stainless steel. Each product from the stage of introduction to raw materials till the production of the final product, follows a production cycle. The production process is continuous with intermittent breaks taken to clean the huge vessels of production before introducing the next product.

Since, these APIs further serve as raw materials in the manufacture of formulations, the composition of products, process, use of additives, temperature and pressure control and requirements storage and packaging, are all governed by the requirement of the customer which in turn is governed by the pharma practice prevalent in that geography. Therefore, these specifications differ largely between the Indian, British, European and the United States Pharmacopoeia.

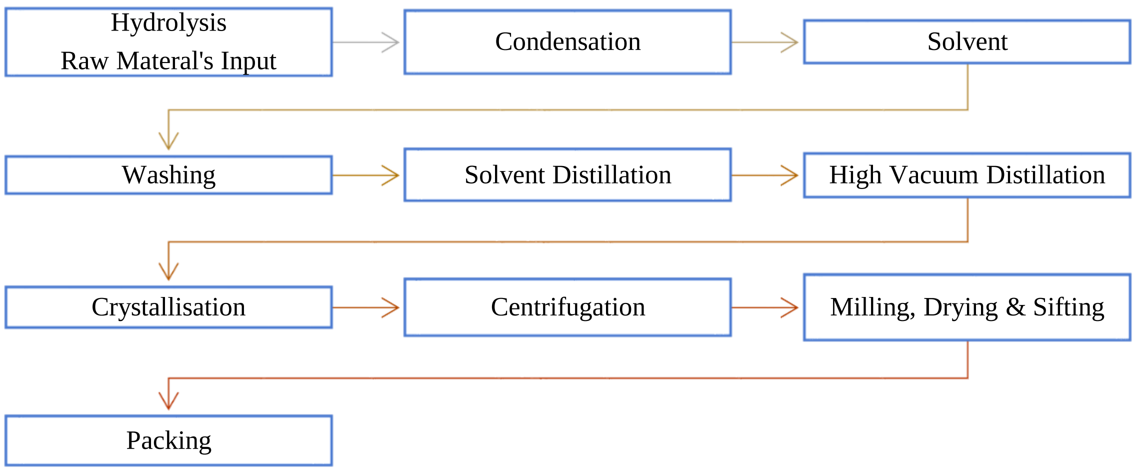
Process:

Guaifenesin, Methocarbamol, Fluconazole and Phenazopyridine HCl are the top four APIs manufactured by the Company, both in terms of production quantity, sales volume and sale value. Guaifenesin and Methocarbamol together account for more than 90% of the total production. The focus on these two products is high due to their demand as these two APIs are widely used in a variety of Anti-histamine, expectorants and muscle relaxant formulations.

The process flow of the four major products is given below. While these process flow charts, more or less, cover the steps involved, the stages and addition of acid and other intermediates, temperature and pressure requirements largely depend on the standard to which the product has to adhere to which, could be Indian, British, European or United States Pharmacopoeia. This in turn depends on the geographical location for which the product requirement has been received.

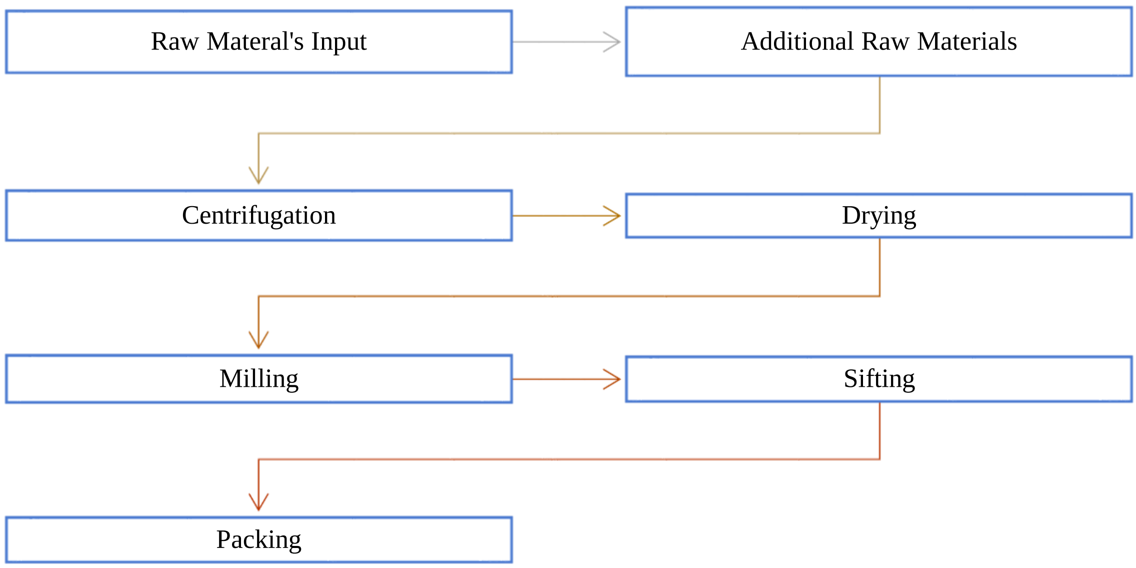
Process flow of Guaifenesin:

Guaifenesin is an expectorant or a mucolyte used in cough syrups and medications for respiratory tract orders. The production cycle is about seventy-two hours to produce two batches of two tons. Total of fifty batches are run per month and the capacity output is around 50 TPM. Essential intermediates are appropriately added at specified and controlled pressure and temperature conditions. After sifting, a finished product analysis is carries for quality check and control post which it is ready for packing. Owing to a small production cycle, frequency of production and therefore, the quantity of the final product is quite significant which is a primary reason for this product to be one among the top four products manufactured and sold by the Company.



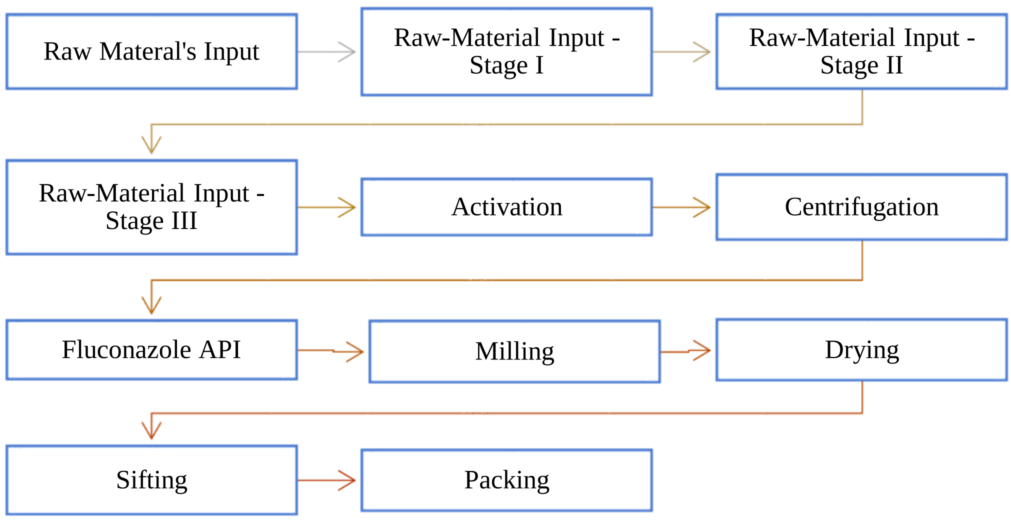
Process flow of Methocarbamol:

Guaifenesin serves as the major raw material in the production cycle of Methocarbamol which is sourced from internal production itself. Methocarbamol belongs to the skeletal muscle relaxant therapeutic category. It has an average production cycle of forty-eight hours and a capacity of monthly output of 30 TPM.



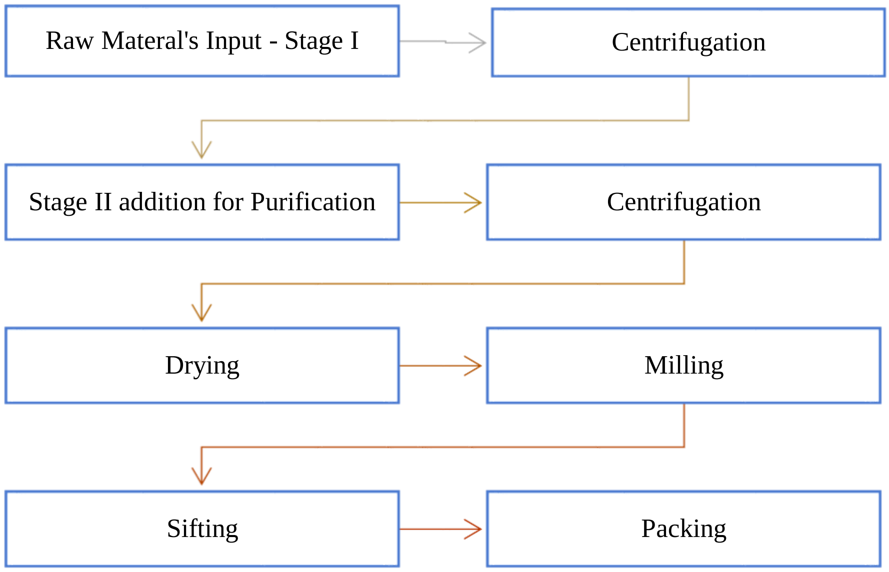
Process flow of Fluconazole:

Fluconazole is an important ingredient in anti-fungal medications. The monthly capacity output of Fluconazole is around 5 TPM with a production cycle of 200 hours to generate 1 ton. The long production cycle is due to the complexity of this product which has multi-stage infusions of raw materials and additives and intermittent cooling period required for the chemical reaction before it is subject to centrifugation to yield the finished product. The long production cycle also has an impact on the capacity output of the product within the current installed production capacity.



Process flow of Phenazopyridine HCl:

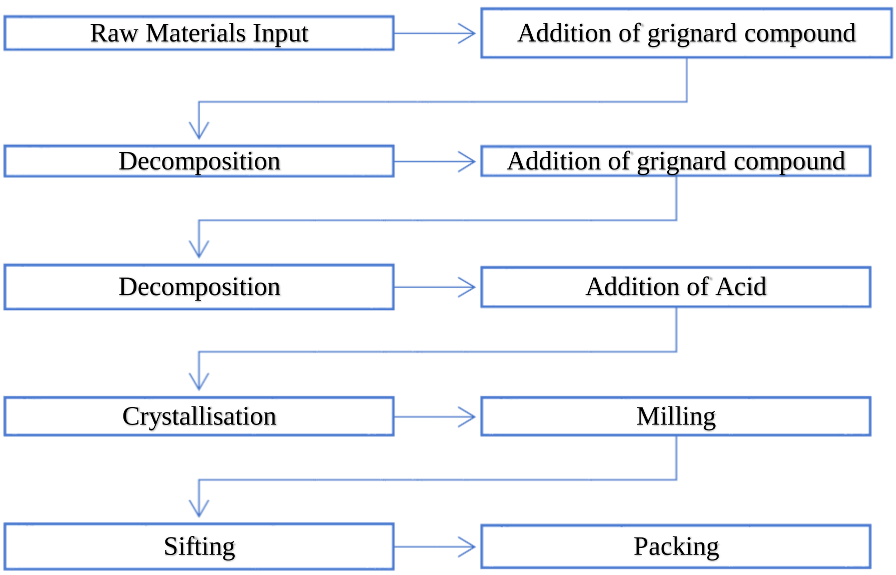
Phenazopyridine HCl serves the therapeutic category of urinary tract infections. Its production cycle is forty- eight hours and monthly output capacity is about 6 TPM. Raw materials are added to the reactor once in the beginning and the second addition of raw materials is for the process of purification.



The process flow chart of other products manufactured by the Company, on demand basis, is given below. The quantity produced completely depends on the orders received.

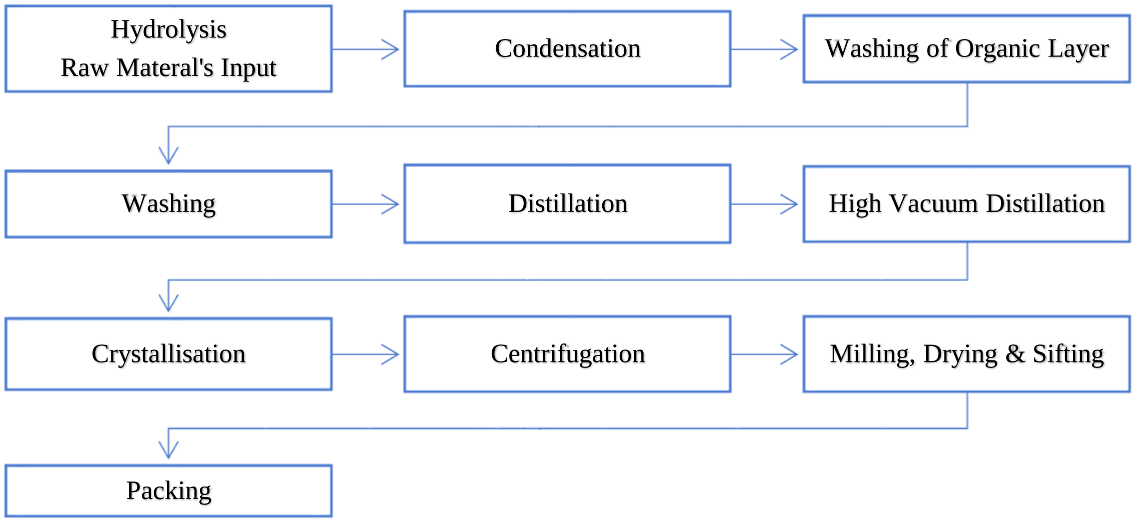
Process flow of Melitracin HCl:

Melitracin Hydrochloric acid is present in anti-depressants. The monthly output capacity is 1 TPM with a production cycle of 240 hours. In this process, the addition of acid happens to the product in a glass lined reactor to avoid any reaction with stainless steel. There are multiple steps of addition of granule compound for cooling and acid. The duration of cooling period at various stages of the chemical reaction results in a longer production /cycle.



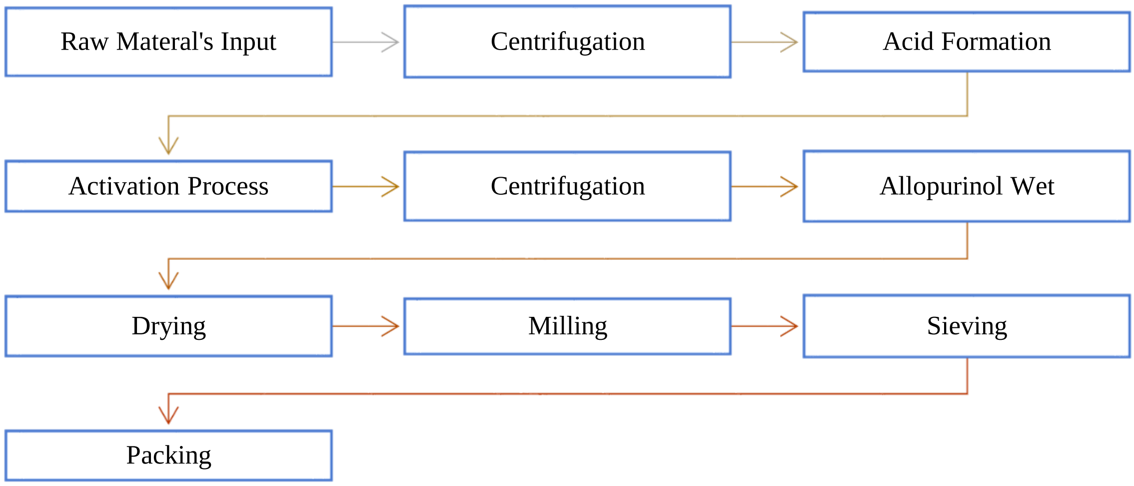
Process flow of Chlorophenesin:

Chlorophenesin is a preservative for cosmetics and its salt carbonate is used for muscle-relaxants. The monthly output capacity is about 40 TPM with a production cycle of ninety hours. The raw materials have to undergo multiple stages of combination with different chemicals and solvents.



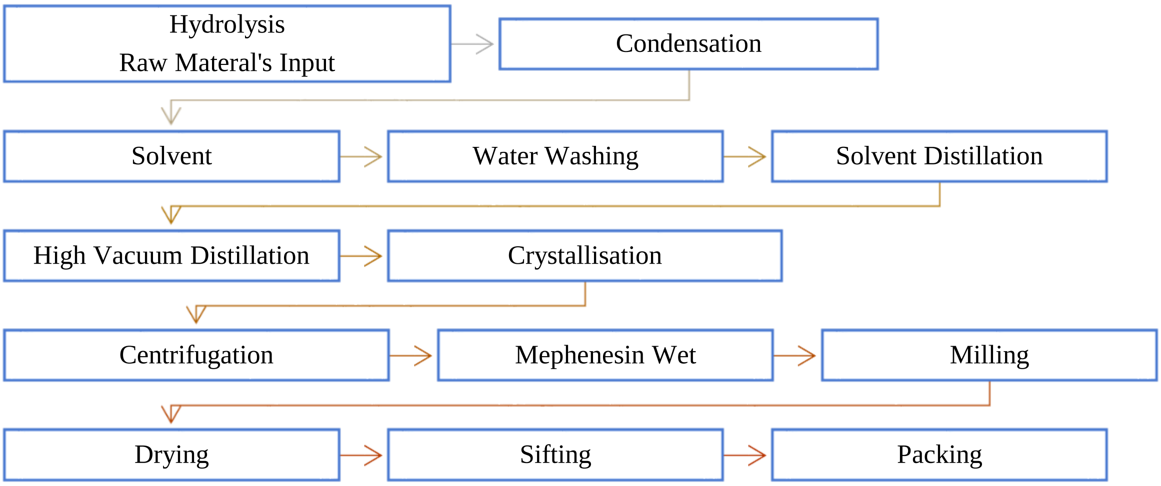
Process flow of Allopurinol:

Allopurinol is used in the manufacture of formulations to treat gout. With a production cycle of one hundred and eight hours, the average monthly output capacity is 10 TPM.



Process flow of Mephenesin:

Mephenesin is an analgesic and used in muscle relaxants. The production cycle is about ninety hours with an average monthly output of 25 TPM. Even though there are many steps in the chemical reaction process, the time consumed is less as no waiting period is prescribed and required for cooling for the reaction process to continue.



Import and Export:

The four major raw materials used by the Company are Guaiacol, Guaifenesin, Di Methyl Carbonate and Epichlorohydrine.

Guaifenesin serves as a primary raw material in the production process of Methocarbamol and therefore, met from the internal production itself. It also contributes to a major part of sales and sales volume of the Company. Around 80% of the production quantity of Guaifenesin caters to the domestic market constituting 70% of the total revenue flow.
The other major raw materials are Guaiacol, Di Methyl Carbonate and Epichlorohydrine which are imported constituting, on an average, 85% of the total domestic consumption. However, last year the Company was able to source the entire requirement of Guaiacol, the major raw material used in the production of Guaifenesin from the domestic market.

The raw materials are imported from China, Taiwan and Turkey and other remaining chemicals are sourced from the domestic markets. The Company is exploring new markets with emphasis on the domestic side to reduce its dependence on these countries of import.

Almost 99% of the total sales are exports and the major export destinations are Egypt, Eastern Europe and Latin American countries. Mexico, Iran, Germany, Columbia, Vietnam, Peru are also export destinations for the products manufactured by the Company. Europe and Latin America usually have a high demand for muscle relaxants. Methocarbamol alone constitutes 60% of the total export quantity followed by Guaifenesin. There has been an increase in the consumption of Anti-histamines which has propelled the demand for APIs used in anti-histamine formulations. Domestic sales are largely made to export houses.

Intellectual Property Rights (IPs):

The Company does not hold any IP in its name or for its logo. Since the APIs are generic in nature, no trademark or other Intellectual Property Right is available to be registered. The Trademark laws do not allow registration of chemical elements, compounds or generic names of APIs included in the International Non-Proprietary Names (INNs) and declared by the WHO.

Utilities:

The Company has in place adequate arrangement for water supply, power and waste management process. Its location in an industrial area carries an advantage of not having to face a shortage at any point of time, especially power and water. For waste management, the Company has executed an agreement for evaporation and disposal with M/s. Jeedimetla Effluent Treatment Limited.

Quality and Safety:

The Company has a well-established quality control system which is put to practice in every product's manufacturing cycle. The final product is subject to a thorough quality check and assurance. Finished product analysis is conducted to ensure that all product specifications are met as per the customer requirement and commercial product analysis is conducted after packing required for safety of the product and to meet the standards of packaging for sales and export.

Keeping up with its commitment to quality, environment management, health and safety of its workmen, the Company has in place an integrated management system manual drawn up in accordance with ISO 14001:2015 and ISO 45001: 2018 norms. The plant and machinery are subject to routine maintenance for cleaning and clearing of debris, every quarter. The Company has also put in place guidelines for the general safety precautions to be followed by the personnel and employees of the factory. The Company has in place necessary clearances and consents for establishing and operating the manufacturing facility.

For good manufacturing practice, the Company has also received the WHO GMP certificate in the year 2020 for six of its products, which is valid for three years. The six products covered in the certificate as approved under the WHO-GMP certification scheme for export purpose are:

Guaifenesin	USP/BP/IP/EP
Methocarbamol	USP/IP
Phenazopyridine HCl	USP
Mephenesin	BP
Chlorophenesin	BP
Allopurinol	USP

Insurance:

The Company has taken appropriate insurance covering stocks, machineries and assets such as Laghu Udyam Suraksha Policy, Public Liability Act Insurance Policy, Sales Turnover Policy, Money in Transit Insurance Policy, Group Health Insurance and accident coverage policies for the employees, Burglary Insurance policy etc.,

Properties:

The details of properties are given below:

Leased premise:

The corporate office of the Company, at 'Akash Ganga', 3rd floor, Plot No.144, Srinagar Colony, Hyderabad, Telangana, is a leased premise for which an agreement has been executed with its owner for a period of three years. This lease was recently renewed on 15th June, 2020 for a period of three years.

Own premise:

The factory establishment in Bollarum is set up on a land of about 2.2 acres owned by the Company. The land, located at Survey No. 133/A, B, C & D, Bollarum Village, Jinnaram Mandal, Medak District, Telangana, was purchased from Andhra Pradesh State Financial Corporation (APSFC) via a sale deed executed on 26th September, 1995. This is also the address of the registered office of the Company.

Markets, Marketing:

On an average, more than 99% of the production is exported by the Company to countries likes Egypt, Mexico, Vietnam, Peru and other Latin American countries. These products also have a high demand in Europe, South American and African countries due to their climatic conditions that suits the use of these products in their formulations. The Company focusses on APIs used in Antihistamine and muscle relaxants which have a good demand in the European countries.

While the exports are made to formulation manufacturing companies, the domestic sale is largely to export houses that in turn export these ingredients. The system of recording sales on the basis of purchase orders has been running smooth till now for the Company. However, the Company also has a practice of executing Customer Protection Agreements with its clients and customers wherever required and asked for by the customers in accordance with their respective internal control systems.

A four-member team under the leadership of Mr. Arihant Baid, Managing Director of the Company steers the marketing efforts and strategies of the Company.

Competition:

The pharma sector is the backbone of healthcare that offers a wide range of therapeutics for various diseases and conditions, including life threatening ones. In this vein, the Company has to keep itself updated with new discoveries and technology and continue to expand its product portfolio and market. Manufacture of APIs which serve as ingredients for formulations, widens the scope in the market as a single API may find a place in different formulations in varying proportions. Thus, the Company is on constant lookout for newer markets. With the rise in demand for anti-histamines domestic markets also offer a wide berth of customers. While in this line of business for more than three decades, the Company has been able to establish a good network of customers and exports for its products. The demand has always been higher than the production capacity itself which has is also being met by outsourcing the production as job work. Since, the major products of the Company serve as an ingredient in a wide variety of formulations, specifically anti-histamines and muscle relaxants, the market promises to be good with more demand and better prospects of the Company.

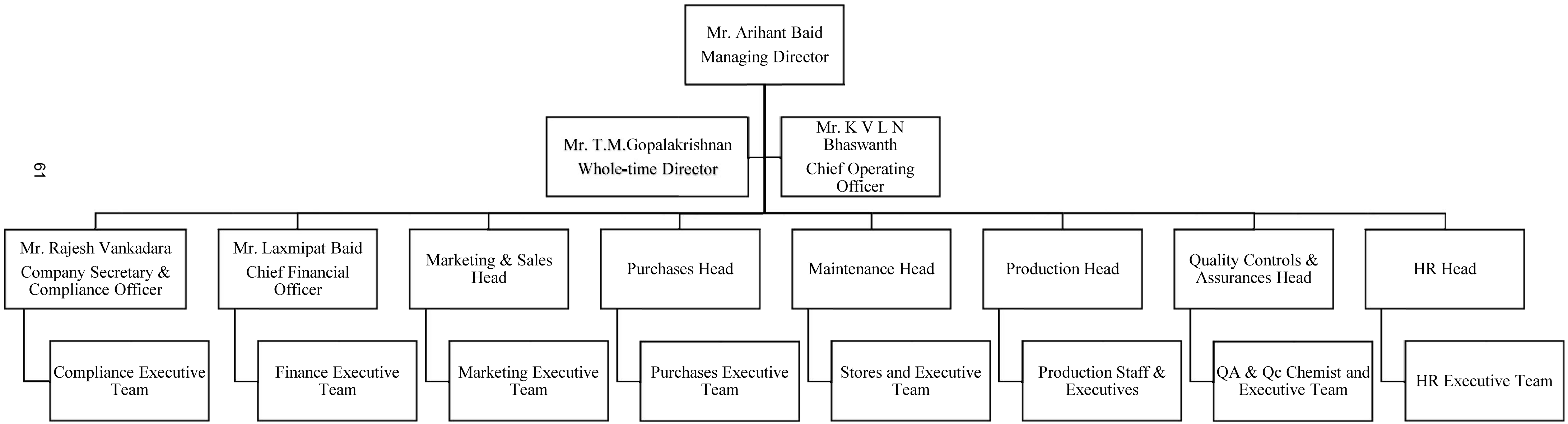
Business Strategy:

As a significant amount of raw materials consumed in the production cycles is imported, the Company has put in place an internal system to apply for advance licence of countries of supply that not only offers a favourable rate but also duty benefits under the inter-country advance licence arrangements. This strategy of multiple import and export points helps to reduce dependency on a single supplier or customer or geography.

Manpower:

The Company has about 103 employees on its rolls comprising of 100 staff and three trainees and a few support staff for the day to day running of affairs. An organization chart that broadly shows the hierarchy of operations and decision making is shared on the next page.

Gennex Laboratories Limited
Organisation Structure Chart



MANAGEMENT

The Articles of Association of the Company provide that the Board of Directors shall consist of minimum 3 (three) Directors and not more than 15 (fifteen) Directors, unless otherwise determined by the Company in a general meeting.

As on the date of this Letter of Offer, the Company has Six (6) Directors comprising of two (2) Executive Directors, and Four (4) Non-Executive & Independent Directors including One (1) Woman Director.

The present composition of the Board of Directors and its committees are in accordance with the corporate governance requirements provided under the Companies Act, 2013 and SEBI (LODR) Regulations.

The Board of Directors of the Company

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

#	Name, Designation, Date of Birth and Age, Address, Occupation, Term, DIN, Shareholding in the Company (% and no of shares)	Other Directorships
1.	Mr. Arihant Baid, DIN: 01171845 Chairman and Managing Director Term of office: 3 years w.e.f. 18th May, 2021 DOB: 25th May, 1986, 35 years 5 Love Lock Place, 1st floor, Kolkata, West Bengal – 700 019 Shareholding: 100 shares	1.Premier Fiscal Services Pvt Ltd., 2.Premier Industrial Commercial and Credit Pvt ltd., 3.VAB Reality Pvt ltd., 4.Prudential Holdings Pvt Ltd.,
2	Mr. T M Gopalakrishnan DIN: 03137458 Whole time Director Term of office: 3 Years w.e.f. 18th May, 2021 DOB: 9th July, 1951, 70 years 3-4-5/1, Dr Bhoomanna Lane, Kacheguda, Hyderabad – 500 027 Shareholding: 100 shares	Deccan Remedies Limited
3	Mr. Y Ravinder Reddy DIN – 00011040 Non – Executive, Independent Director Tenure: 5 years (valid till 30th September, 2024) Occupation: Business DOB: 15th March, 1967, 54 years Plot NO. 35, Sowjanya Colony, Near Sarojini Pulla Reddy Building, New Bowenpally, Hyderabad, Telangana – 500011 Shareholding: NIL	1. Prudential Sugar Corporation Ltd 2. Gennex Health Care Pvt Ltd
4	Ms. Sadhana Bhansali DIN: 06962425 Non – Executive, Independent Director Tenure: 5 years (valid till 30th September, 2024) Occupation: Professional DOB: 10th December, 1988, 33 years 89, Netaji Subhash Road, Ward No. 45, K M C Hare Street, Kolkata, West Bengal – 700 001 Shareholding: NIL	Prudential Sugar Corporation Ltd

5	Mr. A.S Nageswar Rao, DIN: 07030259 Non – Executive, Independent Director Tenure: 5 Years (Valid till 30th September, 2025). Occupation: Profession DOB: 20th May, 1956, 65 years 302, Arpitha Heights, Street No.1, HMT Nagar, Nacharam, Hyderabad, Telangana – 500 076 Shareholding: NIL	1. KMC Infratech Limited 2. KMC Constructions Limited 3. Thrissur Expressway Limited 4. Basel Practitioners Pvt Ltd 5. Adwaitha Global Business Pvt. Ltd., 6. GVR Infra Projects Limited 7. Aanchal Collection Limited
6.	Mr. A R R Pantulu, DIN: 09003006 Non – Executive Director Tenure: Retirement by rotation. Occupation: Consultant DOB: 01st June, 1943, 78 years 6-1-103/57 and 58, Padmarao Nagar, New Model Public School, Padmarao Nagar, Secunderabad, Telangana – 500 025 Shareholding: NIL	No Directorships

Notes:

1. None of the Directors are related to each other.
2. None of the Directors have been named as wilful defaulters or borrowers by RBI at any point of time.
3. None of the Directors have been debarred by SEBI or the stock exchange or prohibited from accessing the capital markets.
4. None of the Directors have an arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the directors was selected as a director or member of senior management.
5. Mr. Y. Ravinder Reddy and Ms. Sadhana Bhansali are also Directors on the Board of Prudential Sugar Corporation Limited. The Company, listed on BSE and NSE, was placed under suspension for non-payment of dues and non-compliance of listing obligations and disclosures required of a listed company on 23rd January, 2020 by NSE and 04th March, 2020 by BSE. That company is now taking all steps for removal of suspension and has also received the in – principle approval from NSE on 07th February, 2022. However, the company is yet to receive the in-principle approval from BSE and listing approval from NSE and BSE.
6. Two of the independent Directors of the Company also serve as Directors on the Board of Prudential Sugar Corporation Limited placed under suspension by BSE and NSE. The details are mentioned under Point no.5 above.
7. None of the Directors have been directors on the Board of the Company which have been delisted from the stock exchange.

Brief Profile of Senior Management

The Company operates under the guidance and supervision of Mr. Arihant Baid, Chairman cum Managing Director and Mr. T.M.Gopalakrishnan, Whole-time Director. They are supported by Key Managerial Personnel Mr. K.V.L.N Bhaswanth, the Chief Operating Officer (COO), Mr. Laxmipat Baid, the Chief Financial Officer (CFO) and Mr. Rajesh Vankadara, the Company Secretary (CS). A brief profile of the Senior Management and they key managerial personnel are given below:

Mr. Arihant Baid, Chairman cum Managing Director – qualification, experience, terms of appointment

Mr. Arihant Baid is the Promoter, Chairman and Managing Director of the Company. He is the overall in- charge of marketing, sales, finance and production. He holds a Bachelor of Business (Management) from the Royal Melbourne Institute of Technology, Australia. He also holds a Masters of Arts in Corporate Strategy and Corporate Governance from the University of Nottingham.

Mr. Arihant Baid was re-appointed as the Managing Director of the Company with effect from 18th May, 2021 for a period of three years at the Annual General Meeting of the Company held on 30th September, 2021 on the following terms and conditions of remuneration:

a. Remuneration – Rs.2,00,000 per month in the scale of Rs.2,00,000 – Rs.2,50,000.

b. Perquisites: As mutually agreed between the MD and the Company subject to a ceiling of 75% of salary. He is also entitled to reimbursement of actual medical expenses incurred in India or abroad including hospitalization, nursing home and surgical charges for himself and his family.

c. Commission: At 2% of the net profit of the Company.

d. Eligible for contribution to PF, Superannuation Fund or Annuity to the extent these are not taxable, gratuity at the rate of half a month's salary for each completed year of service and encashment of leave at the end of his tenure.

Mr. T.M.Gopalakrishnan, Whole-time Director:

Mr. T.M.Gopalakrishnan, Whole-time Director has been associated with the Company for more than twelve years. He is a qualified Chemical Engineer. With over forty years of experience in the manufacturing sector especially pharma and chemical sectors, he primarily takes care of production and purchase. He joined the Company in 2007. He was recently re-appointed as the Whole-time Director of the Company w.e.f. 18th May, 2021 at the AGM of the Company held on 30th September, 2021 on the following terms of remuneration:

a. Remuneration – Rs.2,00,000 per month in the scale of Rs.2,00,000 – Rs.2,50,000.

b. Perquisites: As mutually agreed between the MD and the Company subject to a ceiling of 75% of salary. He is also entitled to reimbursement of actual medical expenses incurred in India or abroad including hospitalization, nursing home and surgical charges for himself and his family.

c. Commission: At 2% of the net profit of the Company.

d. Eligible for contribution to PF, Superannuation Fund or Annuity to the extent these are not taxable, gratuity at the rate of half a month's salary for each completed year of service and encashment of leave at the end of his tenure.

Mr. K.V.L.N.Bhaswanth, COO:

Mr. K.V.L.N.Bhaswanth joined the Company in the year 2008. His main area of function is in purchase, administration and legal. He is a Commerce graduate and holds a Masters Diploma in Business Management from Osmania University. He has more than forty years of experience working in companies handling multi- functional responsibilities in costing, internal audit, production, international trading, logistics etc.,

He is on the permanent rolls of the Company.

Mr. Laxmipat Baid, CFO:

Mr. Laxmipat Baid joined the Company in the year 2006 as an Assistant Vice President (Accounts and Admin). He is a Commerce Graduate and has completed one group of the Intermediate level of Chartered Accountancy. He has more than forty years of practical experience in the area of finance and accounts. At Gennex Labs, he has been taking care of account, finance and other financial matters including coordination with functional heads and overseeing the audit process and procedures. He was designated as the CFO on 14th February, 2015

He is on the permanent rolls of the Company.

Mr. Rajesh Vankadara:

Mr. Rajesh Vankadara is a qualified Company Secretary who joined the Company in February, 2020. He has more than six years of experience in the legal and finance industry ranging from drafting, compliances and handling debt and equity issue due diligence and compliance. Prior to joining the Company, he has served as Company Secretary in listed as well as unlisted companies. He takes care of secretarial and legal compliances of the Company.

He is on the permanent rolls of the Company.

Details of Service Contracts

There is no service contracts entered into with any Directors for provision of benefits or payments of any amount upon termination of employment.

Bonus or Profit-Sharing Plan for the Directors

There is no bonus or profit-sharing plan for the Directors of the Company.

Contingent and Deferred Compensation payable to Directors

No Directors has received or is entitled to any contingent of deferred compensation.

Interest of Directors in promotion of the Company

Mr. Arihant Baid is interested in his capacity as the promoter of the Company.

Interest of Directors in the property of the Company

None of the Directors have an interest in any property acquired by the Company.

Interest of Directors in the business of the Company

Further, save and except as stated otherwise in "*Statement of Transactions with Related parties"* in the chapter titled "*Financial Information"* beginning on page no.68 of the Letter of Offer, none of the Directors have any other interests in the Company as on the date of the Letter of Offer. The Directors are not interested in the appointment of Underwriters, Registrars, Market Makers and Bankers to the Issue or any other intermediary involved in this issue and registered with SEBI.

Key Managerial Personnel

There is no agreement or understanding with major shareholders, customers, suppliers or others pursuant to which any of the above-mentioned personnel was selected as a director or member of senior management.

None of the Key Managerial Personnel are 'related' to the Promoter or Directors of the Company within the meaning of Section 6 of the Companies Act, 2013.

Details of Service Contracts of the Key Managerial Personnel

The Company's Key Managerial Personnel have not entered into any other contractual arrangements with the Company.

Bonus and/ or Profit-Sharing Plan for the Key Managerial Personnel

The Company does not have any bonus and / or profit-sharing plan for the Key Managerial Personnel.

Contingent and Deferred Compensation payable to Key Managerial Personnel

None of the Key Managerial Personnel has received or is entitled to any contingent or deferred compensation.

Shareholding of the Key Managerial Personnel

Mr. Arihant Baid, Promoter cum Chairman & Managing Director and Mr. T.M.Gopalakrishnan, Whole time Director holds 100 equity shares each in the Company which is about 0.0000000001% of the pre-issue capital of the Company. Other than that, no other Key Managerial Personnel hold any shares in the Company.

Interest of Key Managerial Personnel

None of the Key Managerial Personnel have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to the Company as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Employees

As on the date of the Letter of Offer, the Company has about 103 employees and some support staff for day-to-day running of affairs.

SECTION VII: FINANCIAL FORMATIONS

FINANCIAL STATEMENTS

The following tables set forth financial information derived from the Consolidated Audited Financial Information for the year ended 31st March, 2022.

Independent Auditor's Report

To the Members of
Gennex Laboratories Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

1. We have audited the accompanying standalone financial statements of Gennex Laboratories Limited ('the Company'), which comprise the Standalone Balance Sheet as at March 31, 2022, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Cash Flow Statement and the Standalone Statement of Changes in Equity for the year then ended, and 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 except for the information referred to in Basis for Qualified opinion of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (Financial position) of the Company as at March 31,2022, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

3. The Balances of Current Assets, Other Non-Current Assets, Non-Current Liabilities, Other Non-Current Liabilities, Current Liabilities &Other Current Liability are subject to Confirmation/reconciliations. The Impact of the same is, unascertained.

4. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone 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.

6. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our Audit addressed the key audit matter
Carrying value of Investment in Associate entity. The Company has an investment of Rs 700 lakhs in its associate Deccan Remedies ltd **Pending Land registration**	As informed to us, The Company is still in the construction stage and yet to commence the operation, Hence valued at Cost. Discussion with the management on the development in these litigations during year ended March 31, 2022 Review of the disclosures made by the company in the financial statements in this regard. Obtain representation letter from the management on the assessment of these matters.

Information other than the Financial Statements and Auditor's Report thereon

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Standalone Financial Statements

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS 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 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.

9. In preparing the 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.

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

Auditors Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report on Standalone Financials that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing 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 financial statements.

12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the 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.
    - 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 Act, we are also responsible for explaining 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

13. We 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Report on Other Legal and Regulatory Requirements

16. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order.

17. Further to our comments in Annexure A, as required by section 143(3) of the Act, 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 purpose 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 standalone financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone financial statements comply with Ind AS specified undersection 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of section164(2) of the Act;

    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on March 31, 2022 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report as per Annexure B expressed unmodified opinion; and

    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 on its financial position as at March 31, 2022;

        ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2022; and

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022;

18. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

For **PPKG & Co**
Chartered Accountants
Firm’s Registration No.: 009655S

Girdhari Lal Toshniwal
Partner
Membership No: 205140
UDIN: 22205140AJXVVE6552

Place: Hyderabad
Date: May 30, 2022

Annexure A to the Independent Auditor's Report of even date to the members of Gennex Laboratories Limited, on the standalone financial statements for the year ended March 31, 2022

Based on the audit procedures performed for the purpose of reporting a true and fair view on the standalone financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i)

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

c. The title deeds of all the immovable properties (which are included under the head ('Property, plant and equipment') are held in the name of the Company except for the Land purchased from Mercury Fund Management Co, Ltd in the FY 2009-10 for Rs 7,78,75,000 situated at Survey no 32-IE, 32-IF ,32-IF1 and 32-IF2 at Alkaturru Village Nindra Mandal, Chittoor District(AP) for the purpose of setting up Unit-II. Registration of the same is pending for the reason of conversion from Agricultural Land to Industrial Land.

d. The company has not revalued any of its Property, Plant and Equipment's during the year.

e. As per the information given to us there are no proceedings initiated or pending against the Company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii)

a. In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, no material discrepancies were noticed on the aforesaid verification.

b. The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets and the quarterly returns and the statements filed by the company with such banks or financial institutions are not in agreement with the books of account of the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties.

(iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments and loans. Further, in our opinion, the Company has not entered into any transaction covered under Section185 and Section 186 of the Act in respect of guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section

(1) of Section 148 of the Act, as informed to us the provision of sec 148(1) are now applicable and the Cost audit for the year 2021-22 is in progress.

(vii)

i. Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and other material statutory dues, as applicable, have generally been regularly deposited withthe appropriate authorities, though there has been a slight delay in a few cases. Further, undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

ii. The dues outstanding in respect of Income tax, sales-tax, service-tax, duty of customs on account of disputes, are as follows:

#	Nature of Statute	Nature of Dues	Amount(Rs in Lacs) (Disputed)	Period to which the amount relates to	Forum where the dispute is pending
1	CST	Sales Tax	14.57	2007-08	Appellate DC(CT)
		Total	**14.57**		
				Assmt year	
2	Income Tax	Income Tax	8.22	2001-02	Appellate Authority
		Income Tax	37.36	2002-03	Appellate Authority
		Income Tax	3.81	2015-16	Appellate Authority
		Income Tax	9.75	2019-20	Appellate Authority
		Total	**59.14**		

(viii) All the transactions recorded in the books of account have been disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix)

a. The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company has loans or borrowings payable to financial institutions or government and does not have any outstanding debentures during the year;

b. The company is not declared willful defaulter by any bank or financial institution or other lender;

c. the term loans were applied for the purpose for which the loans were obtained;

d. To the extent of our check, no funds are raised by the company for short term has been utilized for long term purposes;

e. the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;

f. The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x)

a. The Company has not raised any moneys by way of initial public offer or further public offer.

b. the company has not made any preferential allotment or private placement of shares or convertible debentures.

(xi)

a. In our opinion, no fraud by the company or any fraud on the company has been noticed or reported during the year.

b. No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;

c. No Whistle Blowers Complaints were received during the year

(xii) In our opinion, the Company is not a Nidhi Company, accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the standalone financial statements etc., as required by the applicable Ind AS.

(xiv)

a. the company has an internal audit system commensurate with the size and nature of its business;

b. the reports of the Internal Auditors for the period under audit were considered by the statutory auditor.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act. Accordingly, the provisions of clause 3(xv) of the order are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

(xvii) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year

(xviii) The Statutory Auditors of the Company has not resigned during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, the auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;

(xx) The company is not liable to contribute under section 135 of The Companies Act, 2013. Accordingly, the provisions of clause 3(xx) of the order are not applicable.

(xxi) There has been no qualifications and adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies to be included in the consolidated financial statements.

For **PPKG & Co**
Chartered Accountants
Firm's Registration No. : 009655S

Girdhari Lal Toshniwal
Partner
Membership No: 205140
UDIN: 22205140AJXVVE6552

Place: Hyderabad
Date: May 30, 2022

Annexure B to the Independent Auditor's Report of even date to the members of Gennex laboratories Limited, on the standalone financial statements for the year ended March 31, 2022.

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

Opinion

1. In conjunction with our audit of the standalone financial statements of Gennex Laboratories Limited ('the Company') as at and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

2. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial Reporting and such controls were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Management's Responsibility for Internal Financial Controls

3. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI').These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business ,including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

4. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

7. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

8. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **PPKG & Co**
Chartered Accountants
Firm’s Registration No.: 009655S

Girdhari Lal Toshniwal
Partner
Membership No: 205140
UDIN: 22205140AJXVVE6552

Place: Hyderabad
Date: May 30, 2022

GENNEX Laboratories Limited

CIN: L24230TG1990PLC011168

Regd. Off. Add: #133, IDA Bollaram, Jinnaram Mandal, Sangareddy District - 502 235, Telanagana State, India

Balance Sheet for the Financial Year March 31, 2022 (STANDALONE)

S.No	Particulars	Note No	As at 31.03.2022	As at 31.03.2021
1	**ASSETS**			
	Non-Current Assets			
	Property, Plant and Equipment	3	13,69,82,383	14,12,57,198
	Financial Assets			
	Investments in Associate	4(a)	7,00,00,000	7,00,00,000
	Other Investment	4(b)	1,00,000	1,00,000
	Other non-current financial assets			
	Other non-current assets	5	31,91,115	27,96,887
	Total non-current assets		21,02,73,498	21,41,54,085
2	**Current Assets**			
	Inventories	6	7,73,67,235	5,01,84,862
	Financial Assets			
	Trade receivables	7	11,31,34,668	8,94,64,597
	Cash and Cash Equivalents	8(a)	32,11,925	18,61,280
	Bank Balance other than Cash and Cash Equivalents	8(b)	7,99,17,507	88,30,198
	Other Current Assets	9	18,91,14,600	21,46,80,174
	Total Current Financial Assets		38,53,78,699	31,48,36,249
	Current tax assets (Net)		-	-
	Other Current Assets	10	90,70,863	1,16,68,874
	Total Current Assets		47,18,16,797	37,66,89,985
	Total Assets		**68,20,90,295**	**59,08,44,070**
1	**Equity**			
	Equity Share Capital	11	12,65,03,000	12,65,03,000
	Other Equity	12	31,34,73,674	27,24,19,151
	Total Equity		43,99,76,674	39,89,22,151
	Non-Current Liabilities			
	Financial Liabilities			
	Other financial liabilities	13	-	1,54,902
	Deferred Tax Liabilites (Net)	14	32,429	15,29,647
	Total Non-Current Liabilities		32,429	16,84,549
	Current Liabilities			
	Financial Liabilities			
	Borrowings	15	10,12,37,256	7,36,19,185
	Trade Payables			
	- Total outstanding dues of MSME's(refer Note)	16(a)	1,99,05,082	1,23,29,147
	- Total outstanding dues of creditors other than MSME's (refer Note)	16(b)	5,75,00,305	4,71,17,844
	Other financial liabilities	17	3,63,14,186	3,29,00,545
	Total Current Financial Liabilities		21,49,56,829	16,59,66,721
	Other Current Liabilities			
	Provisions	18	63,18,394	55,62,227
	Current Tax Liabilities (Net)	19	2,08,05,969	1,87,08,422
	Total Current Liabilities		2,71,24,363	2,42,70,649
	TOTAL EQUITY AND LIABILITIES		**68,20,90,295**	**59,08,44,070**
	Significant Accounting Policies			
	The accompanying notes are an integral part of these financial statements	1-44		

As per our report of even date attached

For and on behalf of the Board
Gennex Laboratories Limited

For PPKG & CO
Chartered Accountants
Firm Registration No: 009655S

Arihant Baid
Managing Director

TM Gopalakrishanan
Whole-time Director

Giridhari Lal Toshniwal
Partner
M.No. 205140
UDIN: 22205140AJXVVE6552

Laxmipat Baid
Chief Financial Officer

Rajesh Vankadara
Company Secretary

Place: Hyderabad
Date: May 30, 2022

GENNEX Laboratories Limited
CIN: L24230TG1990PLC011168
Regd. Off. Add: #133, IDA Bollaram, Jinnaram Mandal, Sangareddy District - 502 235, Telanagana State, India
Statement of Profit and Loss for the year ended 31st March 2022 (STANDALONE)

S.No	Particulars	Note No	As at 31.03.2022	As at 31.03.2021
I	Revenue from Operations	20	65,26,28,218	63,65,01,290
	Less: Excise/ GST		4,04,90,487	4,00,11,317
			61,21,37,731	**59,64,89,973**
II	Other Income	21	1,38,13,910	52,44,381
III	**Total Income (I + II)**		**62,59,51,640**	**60,17,34,354**
IV	**Expenses:**			
	Cost of materials Consumed	22	40,01,03,651	34,18,99,264
	Changes in Inventories of Finished Goods,Stock-in-trade and Work-in-progress	23	(1,90,71,707)	1,52,99,449
	Employee Benefits expense	24	6,96,86,064	7,20,79,382
	Finance Costs	25	87,74,392	74,35,091
	Depreciation expenses	3	78,84,616	88,07,377
	Other Expenses	26	10,76,39,518	10,18,78,744
	Total Expenses (IV)		**57,50,16,534**	**54,73,99,307**
V	Profit/(Loss) before Exceptional Items & Tax (I - IV)		5,09,35,106	5,43,35,047
VI	Exceptional Items	27	-	37,13,269
VII	**Profit before Tax**		**5,09,35,106**	**5,06,21,778**
VIII	**Tax Expense**			
	Adjustment of tax relating to previous years		-	-
	Current Tax		(1,32,00,000)	(1,27,00,000)
	Deffered Tax		14,97,218	24,59,731
	Profit for the year from continuing operations (VII - VIII)		**3,92,32,324**	**4,03,81,509**
X	Profit / (Loss) for the period from discontinued operations		-	-
XI	Tax Expenses of discontinued operartions		-	-
XII	Profit / (Loss) for the period from discontinued operations		-	-
XIII	Profit / (Loss) for the period (IX + XII)		3,92,32,324	4,03,81,509
XIV	**Other Comprehensive Income**			
A (i)	Items that will not be reclassified to Profit or Loss		18,22,198	-
(ii)	Income Tax relating to items that will not be reclassified to Profit or Loss		-	-
B (i)	Items that will be reclassified to Profit or Loss		-	-
(ii)	Income Tax relating to items that will be reclassified to Profit or Loss		-	-
XV	**Total comprehensive Income for the year (XII + XIV) [Comprising Profit and Other Comprehensive Income for the year]**		**4,10,54,522**	**4,03,81,509**
XVI	**Earning per Equity Share for continuing operation in Rs (Face value per share Rs 1 each):**			
	(1) Basic	28	**0.325**	**0.319**
	(2) Diluted		**0.325**	**0.319**
XVII	**Earning per Equity Share for discontinuing operation:**			
	(1) Basic		**-**	**-**
	(2) Diluted		**-**	**-**
XVIII	**Earning per Equity Share (for continuing & discontinued operations)**			
	(1) Basic		**0.325**	**0.319**
	(2) Diluted		**0.325**	**0.319**
	Significant Accounting Policies			
	The accompanying notes are an integral part of these financial statements	1 to 44		

As per our report of even date attached

For and on behalf of the Board
Gennex Laboratories Limited

For PPKG & CO
Chartered Accountants
Firm Registration No: 009655S

Arihant Baid
Managing Director

TM Gopalakrishanan
Whole-time Director

Giridhari Lal Toshniwal
Partner
M.No. 205140
UDIN: 22205140AJXVVE6552

Laxmipat Baid
Chief Financial Officer

Rajesh Vankadara
Company Secretary

Place: Hyderabad
Date: May 30, 2022

GENNEX Laboratories Limited

CIN: L24230TG1990PLC011168

Regd. Off. Add: #133, IDA Bollaram, Jinnaram Mandal, Sangareddy District - 502 235, Telanagana State, India

Cash Flow Statement as on March 31, 2022 (STANDALONE)

Particulars	As at 31.03.2022	As at 31.03.2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	5,09,35,106	5,06,21,778
Adjustment for :		
Depreciation and amoratisation expense	78,84,616	88,07,377
Finance Cost	87,74,392	74,35,091
Comprehensive Income	18,22,198	-
Interest Income	90,02,282	(5,38,160)
(Gain)/loss on sale of asset	-	-
Operating Profit before working capital changes	**7,84,18,594**	**6,63,26,086**
Adjustment for :		
Trade payables and other liability	2,21,28,204	(3,93,21,342)
Trade receivables	(2,36,70,071)	(2,66,68,732)
Inventories	(2,71,82,373)	2,41,88,264
Financial and other Assets	2,77,69,358	(2,35,55,607)
Cash generated from operations	**7,74,63,713**	**9,68,669**
Adjustments for :		
Income Taxes paid	(1,11,02,453)	(1,53,39,735)
Net Cash from operating activities	**6,63,61,260**	**(1,43,71,066)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property,plant and equipment	(38,96,709)	(7,87,750)
Sale of property,plant and equipment	2,86,909	-
Interest Income	(90,02,282)	5,38,160
Net Cash used in Investing activities	**(1,26,12,082)**	**(2,49,590)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	-	-
Changes in Long Term Borrowings	(1,54,902)	(1,54,902)
Changes in Short Term Borrowings (Net)	2,76,18,070	2,37,75,990
Interest Paid	(87,74,392)	(74,35,091)
Net Cash from Financing activities	**1,86,88,776**	**1,61,85,997**
Net Increase / (Decrease) in Cash and Cash equivalent (A+B+C)	7,24,37,954	15,65,341
Cash and Cash Equivalents as at the beginning of the year	1,06,91,478	91,26,137
Cash and Cash Equivalents as at the end of the year	8,31,29,432	1,06,91,478

Notes:

1. The above Cash Flow Statement has been prepared under the " Indirect Method" set out in Indian Accounting Standard (Ind-AS)- 7 on Statement of Cash Flow.
2. Figures in bracket indicate cash outflow.
3. Previous year comparatives have been reclassified to confirm with current year's presentation,wherever applicable.

For and on behalf of the Board
Gennex Laboratories Limited

As per our report of even date attached

For PPKG & CO
Chartered Accountants
Firm Registration No: 009655S

Arihant Baid
Managing Director

TM Gopalakrishanan
Whole-time Director

Giridhari Lal Toshniwal
Partner
M.No. 205140
UDIN: 22205140AJXVVE6552

Laxmipat Baid
Chief Financial Officer

Rajesh Vankadara
Company Secretary

Place: Hyderabad
Date: May 30, 2022

Statement of Changes in Equity

A. Equity Share Capital

Notes	Number of Shares		Amount
As at 01st April, 2018	12,65,03,000	₹	12,65,03,000
Changes in Equity Share Capital			
As at 31st March, 2019	12,65,03,000	₹	12,65,03,000
Changes in Equity Share Capital			
As at 31st March, 2020	12,65,03,000	₹	12,65,03,000
Changes in Equity Share Capital			
As at 31st March, 2021	12,65,03,000	₹	12,65,03,000
Changes in Equity Share Capital			
As at 31st March, 2022	12,65,03,000	₹	12,65,03,000

B. Other Equity

Particulars	Share Application Money pending allotment	Equity Component of application financial Instrument	Reserves & Surplus			Retained Earnings	Debt Instrument through other Comprehensive Income	Equity Instrument through other Comprehensive Income	Effective Portion of Cash Flow Hedges	Effective difference on Translation the financial statement	Other Items of Comprehensive Income (Specify nature)	Money received against share capital	Total
			Capital Reserve	Securities Premium Reserve	Other Reserves (Specify nature)								
Balance at the beginning of the reporting period 2017	-	-	72,50,000	6,00,00,000	72,22,892	10,84,36,218	-	-	-	-	-	-	18,29,09,110
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive	-	-	-	-	-	-	-	-	-	-	-	-	-
Income for the year	-	-	-	-	-	83,57,665	-	-	-	-	-	-	83,57,665
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
Any Other Change (Depreciation)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period 2018	-	-	72,50,000	6,00,00,000	72,22,892	11,67,93,883	-	-	-	-	-	-	19,12,66,775
Balance at the beginning of the reporting period 2018	-	-	72,50,000	6,00,00,000	72,22,892	11,67,93,883	-	-	-	-	-	-	19,12,66,775
Changes in accounting policy or prior period errors	-	-	-	-	-		-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-		-	-	-	-	-	-	-
Total Comprehensive	-	-	-	-	-		-	-	-	-	-	-	-
Income for the year	-	-	-	-	-	2,22,07,528	-	-	-	-	-	-	2,22,07,528
Dividends	-	-	-	-	-		-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-		-	-	-	-	-	-	-
Investment Subsidy	-	-	-	-	-		-	-	-	-	-	-	-
Any Other Change (Depreciation)	-	-	-	-	-		-	-	-	-	-	-	-
Balance at the end of the reporting period 2019	-	-	72,50,000	6,00,00,000	72,22,892	13,90,01,411	-	-	-	-	-	-	21,34,74,303
Balance at the beginning of the reporting period 2019	-	-	72,50,000	6,00,00,000	72,22,892	13,90,01,411	-	-	-	-	-	-	21,34,74,303
Changes in accounting policy or prior period errors	-	-	-	-	-		-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-		-	-	-	-	-	-	-
Total Comprehensive	-	-	-	-	-		-	-	-	-	-	-	-
Income for the year	-	-	-	-	-	1,85,63,339	-	-	-	-	-	-	1,85,63,339
Dividends	-	-	-	-	-		-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-		-	-	-	-	-	-	-
Investment Subsidy	-	-	-	-	-		-	-	-	-	-	-	-
Any Other Change (Depreciation)	-	-	-	-	-		-	-	-	-	-	-	-
Balance at the end of the reporting period 2020	-	-	72,50,000	6,00,00,000	72,22,892	15,75,64,750	-	-	-	-	-	-	23,20,37,642
Balance at the beginning of the reporting period 2020	-	-	72,50,000	6,00,00,000	72,22,892	15,75,64,750	-	-	-	-	-	-	23,20,37,642
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive	-	-	-	-	-	-	-	-	-	-	-	-	-
Income for the year	-	-	-	-	-	4,03,81,509	-	-	-	-	-	-	4,03,81,509
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
Any Other Change (Depreciation)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period 2021	-	-	72,50,000	6,00,00,000	72,22,892	19,79,46,259	-	-	-	-	-	-	27,24,19,151
Balance at the beginning of the reporting period 2021	-	-	72,50,000	6,00,00,000	72,22,892	19,79,46,259	-	-	-	-	-	-	27,24,19,151
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive	-	-	-	-	-	-	-	-	-	-	-	-	-
Income for the year	-	-	-	-	-	4,10,54,523	-	-	-	-	-	-	4,10,54,523
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
Any Other Change (Depreciation)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period 2022	-	-	72,50,000	6,00,00,000	72,22,892	23,90,00,782	-	-	-	-	-	-	31,34,73,674

Note 1&2

NOTES TO STANDALONE FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2022

1. **Company Background**

   Gennex Laboratories Limited ("the Company") is a public limited company domiciled and incorporated in India in accordance with the provisions of the Companies Act, 1956. The registered office of the Company is located at Sy.No.133, IDA Bollaram, Jinnaram Mandal, Sangareddy District – 502 325, Telangana. The equity shares of the Company are listed on the Bombay Stock Exchange.

   The Company is engaged in the business of manufacturing of Bulk Drugs and Intermediaries. The Company has manufacturing facilities in India which caters to both domestic and international markets.

   These financial statements for the year ended March 31, 2022, were authorized and approved for issue by the Board of Directors on May 30, 2022.

2. **Significant accounting policies**

   This note provides a list of the significant accounting policies adopted in the preparation of the Financial Statements. These polices have been consistently applied to all the years presented, unless otherwise stated.

2.1. **Basis of Preparation**

(i) Compliance with Ind AS

The Financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on going concern basis under the historical cost except for the following:

- Certain Financial assets and liabilities which are measured at fair value.
- Defined benefit plans – plan assets measured at fair value; and
- Contingent Consideration

(iii) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non- current classification.

An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non- current.

Deferred tax assets and liabilities are classified as non-current.

(iv) Rounding of amounts

All amounts disclosed in the Financial Statements and notes have been rounded off to the nearest rupees as per the requirement of Schedule III, unless otherwise stated.

2.2. Properties, plant and equipment (PPE) Recognition and initial measurements

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its Working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized instatement of profit or loss as incurred.

Depreciation method, estimated useful lives and residual values

The classification of Plant and equipment into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

Cost of the leasehold land is amortized on a straight-line basis over the term of the lease.

The residual values, useful lives and method of depreciation of are reviewed at each financial year end and adjusted prospectively, if appropriate.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de- Recognition of the asset (calculated as the Difference between the net disposal proceeds and the carrying amount of the asset) is included in the other income/other expenses when the asset is derecognized.

2.3. **Intangible Assets**

Recognition and initial measurement

Intangible assets (including software) are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Amortisation method and period

Computer software is amortised on a pro-rata basis using the straight-line method over its estimated useful life of 3 years from the date they are available for use. Amortisation method and useful lives are reviewed periodically including at each financial year end. Investment Properties

2.4. **Impairment of non-financial assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group or assets (cash-generating units). The Company's corporate assets (eg. Central office building for providing support to various CGUs) do not generate independent cash flows. To determinate impairment of corporate assets, recoverable amount is determined for the CGUs to which the corporate assets belongs.

2.5. **Inventories**

- Stores & Spares are valued at cost or at net realizable value, whichever is lower. Cost is arrived at Weighted Average Basis.
- Raw Material, Semi-Finished Goods, Finished Goods are valued at Cost or Market Value whichever is lower. Cost is arrived at FIFO method.
- Obsolescence and Damaged materials are valued at Realizable Value.

2.6. **Operating Leases**

As a lessee

Leases of property, plant and equipment where the Company, as a lessee, has substantial risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fire value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding lease rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability of each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are clarified as operating leases. Payments made under operating leases are charges to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a Lessor

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary costs increases. The respective leased assets are included in the Balance Sheet based on their nature.

2.7. **Investment and other financial assets**

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other income'.
- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Statement of Profit and Loss within 'Other income' in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other income' in the Statement of Profit and Loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109,'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

De-recognition of financial assets

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Income recognition Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

Fair value of financial instruments

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

2.8. **Derivative instruments**

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period, with changes included in ‘Other income’/’Other expenses’

2.9. **Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.10. **Trade Receivables**

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.11. **Cash and Cash equivalents**

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12. **Trade payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.13. **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.14. **Non-current assets (or disposal groups) held for sale**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

2.15. **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

2.16. **Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

2.17. **Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

2.18. **Foreign currency transactions and translation**

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (‘the functional currency’). The financial statements are presented in Indian Rupee (Rupees or H), which is the Company’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs, if any, are presented in the Statement of Profit and Loss, within ‘Finance costs’. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within ‘Other income/Other expenses’.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.19. **Employee benefits**

(i) Short-term employee benefits

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Post-employment benefits. Defined benefit plans

The liability or asset recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

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 benefits expense' in the Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. These are included in retained earnings in the Statement of Changes in Equity.

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognised in the balance sheet for Defined Benefit Plans as the present value of the Defined Benefit Obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of Independent actuaries. Actuarial gains and losses resulting from re-measurements of the liability are included in other comprehensive income.

During the Year the Company has not renewed the group gratuity scheme policy held with The Life Insurance Corporation of India (LIC). Therefore, gratuity valuation has been done through Independent agency as per Ind-AS19 (Employee Benefits). As per the valuation made by the Independent Agency the present value of accrued gratuity comes to Rs 29,22,601/- on estimates of discounts @ 7.12% and escalation on salaries @ 5% which has taken in Notes to accounts.

Defined contribution plans

Contributions under defined contribution plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

(iii) Other long-term employee benefits

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured annually by actuaries as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented under ‘Employee benefit obligations’ (current) in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

2.20. **Income Taxes**

Tax expense recognized instatement of profit or loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly inequity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company’s forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognized outside profit or loss (either in other comprehensive income or inequity).

Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management’s assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

2.21. **Provision and Contingencies**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

2.22. **Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.23. **Earnings per share**

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.24. **Segment Reporting**

The Company is engaged in manufacture of Bulk Drugs & Intermediates which in the context of Accounting Standard – 17 issued by the Institute of Chartered Accountants of India is considered as a single segment– Ref. Note 31D.

2.25. **Critical estimates and judgments**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving critical estimates or judgements are:

- **Employee benefits (estimation of defined benefit obligation)**

Post-employment benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Company to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.

- **Impairment of trade receivables**

The risk of un collectability of trade receivables is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, based on factors that include ability to pay, bankruptcy and payment history. The assumptions and estimates applied for determining the provision for impairment are reviewed periodically.

- **Estimation of expected useful lives of property, plant and equipment**

Management reviews its estimate of the useful lives of property, plant and equipment at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of property, plant and equipment.

GENNEX LABORATORIES LIMITED
Note 3: Property, plant and equipment

Particulars	Land	Factory buildings	Plant and equipments (d)	Furniture and fixtures	Vehicles	Capital Work in Progress	Total
Gross carrying amount							
Cost/deemed cost as at 1st April 2017	8,41,81,540	1,69,78,278	13,77,42,636	2,74,75,057	1,35,72,142	23,19,990	28,22,69,643
Additions	-	32,83,977	57,59,878	8,96,502	-	-	99,40,357
Disposals / deductions	-	-	6,24,000	-	-	23,19,990	29,43,990
Transfer to assets classified as held for sale	-	-	-	-	-		-
As at 31st March 2018	8,41,81,540	2,02,62,255	14,28,78,514	2,83,71,559	1,35,72,142	-	28,92,66,010
Additions	-	-	89,07,690	15,07,609	-	-	1,04,15,299
Disposals / deductions	-	-	-	-	-	-	-
Transfer to assets classified as held for sale	-	-	-	-	-	-	-
As at 31st March 2019	8,41,81,540	2,02,62,254	15,17,86,204	2,98,79,169	1,35,72,142	-	29,96,81,309
Additions	-	-	27,40,000	2,05,344	-	-	29,45,344
Disposals / deductions	-	-	-	-	-	-	-
Transfer to assets classified as held for sale	-	-	-	-	-	-	-
As at 31st March 2020	8,41,81,540	2,02,62,254	15,45,26,204	3,00,84,513	1,35,72,142	-	30,26,26,653
Additions	-	-	5,59,000	1,89,733	39,017	-	7,87,750
Disposals / deductions	-	-	-	-	-	-	-
Transfer to assets classified as held for sale	-	-	-	-	-	-	-
As at 31st March 2021	8,41,81,540	2,02,62,254	15,50,85,204	3,02,74,246	1,36,11,159	-	30,34,14,404
Additions	-	-	12,79,892	6,19,933	19,96,884	-	38,96,709
Disposals / deductions	-	-	-	-	11,68,448	-	11,68,448
Transfer to assets classified as held for sale	-	-	-	-	-	-	-
As at 31st March 2022	**8,41,81,540**	**2,02,62,254**	**15,63,65,096**	**3,08,94,179**	**1,44,39,595**	**-**	**30,61,42,665**
Accumulated depreciation							
As at 1st April 2017	-	93,86,325	8,78,70,485	2,09,21,444	66,79,998	-	12,48,58,252
Charge for the year	-	5,49,740	55,08,986	18,04,988	13,54,735	-	92,18,449
Disposals / deductions	-	-	6,24,000	-	-	-	6,24,000
As at 31st March 2018	-	99,36,065	9,27,55,471	2,27,26,432	80,34,733	-	13,34,52,701
Charge for the year	-	6,01,427	59,57,115	19,50,759	13,38,115	-	98,47,416
Disposals / deductions	-	-	-	-	-	-	-
As at 31st March 2019	-	1,05,37,493	9,87,12,586	2,46,77,193	93,72,846	-	14,33,00,117
Charge for the year	-	6,01,427	62,18,195	19,06,491	13,23,598	-	1,00,49,711
Disposals / deductions	-	-	-	-	-	-	-
As at 31st March 2020	-	1,11,38,920	10,49,30,781	2,65,83,683	1,06,96,444	-	15,33,49,828
Charge for the year	-	6,01,427	59,79,337	11,82,425	10,44,189	-	88,07,377
Disposals / deductions	-	-	-	-	-	-	-
As at 31st March 2021	-	1,17,40,347	11,09,10,118	2,77,66,108	1,17,40,633	-	16,21,57,205
Charge for the year	-	6,01,427	52,95,214	9,33,794	10,54,181	-	78,84,616
Disposals / deductions	-	-	-	-	8,81,539	-	8,81,539
As at 31st March 2022	**-**	**1,23,41,774**	**11,62,05,332**	**2,86,99,902**	**1,19,13,275**	**-**	**16,91,60,282**
Net carrying amount							
As at 31st March 2021	**8,41,81,540**	**85,21,908**	**4,41,75,086**	**25,08,138**	**18,70,526**	**-**	**14,12,57,198**
As at 31st March 2022	**8,41,81,540**	**79,20,481**	**4,01,59,764**	**21,94,277**	**25,26,320**	**-**	**13,69,82,383**

GENNEX LABORATORIES LIMITED

Note

4 **FINANCIAL ASSETS**

Particulars	As at 31.03.2022	As at 31.03.2021
Unquoted		
a. Investment in Associates		
5500000 Equity Shares of Rs.10/- each fully paid up		
in Deccan Remedies Limited(44.27% holding in Deccan remedies)	7,00,00,000	7,00,00,000
b. Other Investments		
1000 Equity Shares of Rs.100/- each fully paid up		
in Progressive Effluent Treatment Limited	1,00,000	1,00,000
Total	**7,01,00,000**	**7,01,00,000**

5 **Other Non Current Assets**

Particulars	As at 31.03.2022	As at 31.03.2021
Security Deposit	31,91,115	27,96,887
Total	**31,91,115**	**27,96,887**

6 **Inventories (As valued and certified by Management)**
Valued at lower of Cost and net realisable value

Particulars	As at 31.03.2022	As at 31.03.2021
Stores & Spares	27,21,533	8,88,692
Packing Material	5,44,501	11,18,549
Coal & Diesel	2,28,109	1,81,500
Raw Materials	1,95,65,364	1,27,60,100
Finished Goods	1,14,81,113	1,06,62,025
Work-in-process	4,28,26,615	2,45,73,996
Total	**7,73,67,235**	**5,01,84,862**

GENNEX LABORATORIES LIMITED

Note

7 **Trade Receivables**

Particulars	As at 31.03.2022	As at 31.03.2021
Trade Receivables	11,31,34,668	8,94,64,597
Receivables from Related Parties	-	-
Less: Loss Allowance	-	-
Total Receivables	11,31,34,668	8,94,64,597
Current Portion	10,74,64,881	7,65,73,729
Non-current Portion	56,69,788	1,28,90,868
Break-up of security details		
Trade Receivables considered good - secured		-
Trade Receivables considered good - unsecured	11,31,34,668	8,94,64,597
Trade Receivables - which have significant increase in credit risk		-
Trade Receivables - credit impaired		-
Total	**11,31,34,668**	**8,94,64,597**

Particualrs	Outstanding for following period from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 -3 years	More than 3 years	Total
i) Undisputed Trad receivables - considered goods	9,81,19,154	46,99,147	1,05,766	44,40,006	57,70,595	11,31,34,668
ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	-	-	-	-	-	-
iv) Disputed Trad receivables - considered goods	-	-	-	-	-	-
iv) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
iv) Dipusted Trade Receivables - Credit impaired	-	-	-	-	-	-

8 **Cash and Cash Equivalents**

Particulars	As at 31.03.2022	As at 31.03.2021
(a) Cash on hand	32,11,925	18,61,280
(b) Balances with Banks		
(i) In Current Accounts	7,16,97,007	84,039
(ii) In Deposit Accounts - (Margin Money against LCS/BG)	82,20,500	87,46,159
(iii) Cheques in hand	-	-
Total	**8,31,29,432**	**1,06,91,478**

9 **OTHER FINANCIAL ASSETS - SHORT TERM LOANS & ADVANCES**

Particulars (Unsecured, considered good, recoverable in cash or in kind for value to be received	As at 31.03.2022	As at 31.03.2021
(a) Loans and advances to related parties	-	-
Unsecured, considered good		
(b) Loans and advances to employees	2,13,36,282	3,00,22,676
Unsecured, considered good		
(c) Advances to Contractors, Suppliers	77,04,447	47,80,713
Unsecured, considered good		
(d) Advances recoverable cash or in kind	16,00,73,871	17,98,76,785
Total	**18,91,14,600**	**21,46,80,174**

10 **OTHER CURRENT ASSETS**

Particulars	As at 31.03.2022	As at 31.03.2021
Prepaid Expenses		
(e) Prepaid Expenses	9,81,784	13,40,892
Unsecured, considered good		
(f) Balances with Government Authorities		
Unsecured, considered good		
(i) GST credit receivable	30,90,513	49,00,823
(ii) Balances with Central Excise Deptt	24,833	24,833
(iii) Meis claim receivable	47,20,483	47,20,483
Accrued Interest	2,53,250	6,81,843
Total	**90,70,863**	**1,16,68,874**

Note	Particulars	As at 31.03.2022	As at 31.03.2021
11	**SHARE CAPITAL**		
	AUTHORISED CAPITAL		
	Equity Shares		
	200,000,000 Equity Shares of Rs.1/- each		
	(Previous Year 160,000,000 Equity Shares of Rs.1/- each)	20,00,00,000	16,00,00,000
11.1	**ISSUED SHARES**		
	Equity Shares		
	126,503,000 Equity Shares of Rs. 1/- each		
	(Previous Year 126,503,000 Equity Shares of Rs. 1/- each)	12,65,03,000	12,65,03,000
	Total	**12,65,03,000**	**12,65,03,000**
11.2	**SUBSCRIBED And PAID UP Shares**		
	Equity Shares		
	126,503,000 Equity Shares of Rs. 1/- each		
	(Previous Year 126,503,000 Equity Shares of Rs. 1/- each)	12,65,03,000	12,65,03,000
	Forfeited Shares (amount originally paid up)	-	-
	Total subscribed and paid up share capital	**12,65,03,000**	**12,65,03,000**

11.2.1 (a) The reconciliation of the no of shares outstanding at the beginning and at the end of the year:

At the beginning of the year	12,65,03,000	12,65,03,000
Oustanding at the end of the year	12,65,03,000	12,65,03,000

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a part value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed if any by the Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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.

11.2.2 The details of share holders holding more than 5% shares:

Particulars	No of Shares	% of holding	No of Shares	% of holding
Premier Fiscal Services (P) Ltd	2,50,00,000	19.76%	2,50,00,000	19.76%
VAB Ventures Limited	22,54,780	1.78%	22,54,780	1.78%
India Securities Brooking Private Limited	40,256	0.03%	40,256	0.03%
Pudential Investment Limited	39,820	0.03%	39,820	0.03%
VAB Capital Advisors Private Limited	1,000	0.00%	1,000	0.00%
Subhash Chand Bhura	5,10,300	0.40%	5,10,300	0.40%
Vinod Kumar Baid	48,000	0.04%	48,000	0.04%
Arihant Baid	100	0.00%	100	0.00%
T M Gopalkrishnan	100	0.00%	100	0.00%

12 OTHER EQUITY

	As at 31.03.2022	As at 31.03.2021
Share Premium	6,00,00,000	6,00,00,000
Investment Subsidy	20,00,000	20,00,000
General Reserve	72,22,892	72,22,892
Capital Reserve (Forfeit of warrant)	72,50,000	72,50,000
Retained Profit on Property, plant and equipmen (net of deferred tax)	(14,07,367)	(14,07,367)
Balance in Profit & Loss		
Balance at the beginning of the year	19,73,53,626	15,69,72,117
Add: Profit for the year	4,10,54,522	4,03,81,509
Balance at the Closing of the year	23,84,08,149	19,73,53,626
TOTAL	31,34,73,674	27,24,19,151

	Particulars	As at 31.03.2022	As at 31.03.2021
13	**OTHER FINANCIAL LIABILITIES**		
	Unsecured Sales Tax Deferrment (Govt.)	-	1,54,902
	Total	**-**	**1,54,902**

13.1 Sales Tax deferment availed till the current account period is due for repayment after 12 months from Balance Sheet as under:

Year of Repayment	Rs.	Rs.
2021-22	-	1,54,902
Total	-	1,54,902

14 Deferred Tax (Liability)/Assets

Particulars	As at 31.03.2022	As at 31.03.2021
a) Difference between Book & Tax Depreciation (Liability)	51,09,500	57,91,712
b) Others	(50,77,071)	(42,62,065)
Total	**32,429**	**15,29,647**
Net Deferred Tax Liability/(Assets)	**32,429**	**15,29,647**

GENNEX LABORATORIES LIMITED

Note

15 **CURRENT BORROWINGS**

Particulars	As at 31.03.2022	As at 31.03.2021
a) **Secured**		
From Banks - Secured		
AXIS Bank LTD - IUBD A/C	-	-
Axis Bank C/C	8,48,30,624	2,06,57,548
(The due to Axis Bank Limited - Secured by means of Hypothecation of Stocks of Raw Material, Semi Finished & Finished Goods, Stores & Spare parts and Book-debts and First Charge on the Fixed Assets of the Company and personal guarantee of One Director)		
AXIS Bank - COVID Loan A/C.	1,50,18,000	90,70,705
AXIS Bank PCFE A/C NO 920080057980853	-	4,38,90,932
YES Bank	13,88,632	-
Total	**10,12,37,256**	**7,36,19,185**

16 **Trade Payables**

Particulars	As at 31.03.2022	As at 31.03.2021
Trade Payable	7,74,05,387	5,94,46,991

Particualrs	Outstanding for following period from due date of payment				
	Less than 1 year	1 - 2 years	2 -3 years	More than 3 years	Total
i) MSME	1,91,15,271	7,83,285	5,934	592	1,99,05,082
ii) Others	5,02,95,684	33,19,419	17,59,549	21,25,652	5,75,00,305
iii) Disputed dues - MSME	-	-	-	-	-
iv) Dipusted dues - Others	-	-	-	-	-

Total	**7,74,05,387**	**5,94,46,991**

16.1 Dues to Micro, Small and Medium enterprises has been determined to be Rs. 19905082/- (Previous Year Rs 12329147/-) to the extent such parties have been identified on the basis of information available with the company.

16.2 Trade payables are non-interest bearing and normally settled within 90 days term.

17 **Other Current Liabilities**

Particulars	As at 31.03.2022	As at 31.03.2021
Creditors for Capital Goods	1,29,800	-
Advances from Customers	15,79,445	37,28,565
Other Liabilities	3,46,04,941	2,91,71,980
Total	**3,63,14,186**	**3,29,00,545**

17.1 Other liabilities consist of PF, ESI, SERVICE TAX, TDS, GST and TCS payable etc

18 **PROVISIONS**

Particulars	As at 31.03.2022	As at 31.03.2021
Provision for leave encashment	63,18,394	55,62,227
Total	63,18,394	55,62,227

19 **CURRENT TAX LIABILITIES**

Particulars	As at 31.03.2022	As at 31.03.2021
Current Tax Liabilities (Net)	2,08,05,969	1,87,08,422
Total	**2,08,05,969**	**1,87,08,422**

GENNEX LABORATORIES LIMITED

Note

20 REVENUE FROM OPERATION

Particulars	As at 31.03.2022	As at 31.03.2021
Sale of Products	65,22,81,868	63,62,72,839
Other Operating Revenues	3,46,350	2,28,451
	65,26,28,218	**63,65,01,290**
Less: Gst	4,04,90,487	4,00,11,317
Net Revenue from Operation	**61,21,37,731**	**59,64,89,973**

21 OTHER INCOME

Particulars	As at 31.03.2022	As at 31.03.2021
Interest Income(TDS Rs. 42880/- Previous Year Rs. 43186/-)	90,02,282	5,38,160
Sundry Balances Written Off/Back	-	731
Profit on Sale of Fixed Assets	34,520	-
Exchange Rate Fluctuation	37,93,055	39,23,411
Duty Draw back	9,84,053	7,82,079
Total	**1,38,13,910**	**52,44,381**

22 COST OF RAW MATERIAL CONSUMED

Particulars	As at 31.03.2022	As at 31.03.2021
Opening Stock of Raw material	1,27,60,100	2,08,65,655
Add: Purchases during the year	40,69,08,915	33,37,93,709
Total	**41,96,69,015**	**35,46,59,364**
Less: Closing Stock of Raw material	1,95,65,364	1,27,60,100
Cost of Raw Material Consumed	**40,01,03,651**	**34,18,99,264**

23 CHANGE IN INVETORIES OF FINISHED GOODS, STOCK IN TRADE & WORK IN PROGRESS

Particulars	As at 31.03.2022	As at 31.03.2021
Opening Stocks		
Work in Progress	2,45,73,996	1,90,25,930
Finished Goods	1,06,62,025	3,15,09,540
Total	**3,52,36,021**	**5,05,35,470**
Closing Stocks		
Work in Progress	4,28,26,615	2,45,73,996
Finished Goods	1,14,81,113	1,06,62,025
Total	**5,43,07,728**	**3,52,36,021**
Changes in Stock	**(1,90,71,707)**	**1,52,99,449**

Note

24 **EMPLOYEE BENEFITS EXPENSE**

Particulars	As at 31.03.2022	As at 31.03.2021
Salaries, Wages and bonus	5,93,30,082	6,10,22,354
Contributions to Provident and other funds	36,76,332	50,53,343
Gratuity	29,22,601	22,29,479
Staff Welfare expenses	37,57,049	37,74,206
Total	**6,96,86,064**	**7,20,79,382**

25 **FINANCE COST**

Particulars	As at 31.03.2022	As at 31.03.2021
Interest and Finance Charges	**87,74,392**	**74,35,091**
Total	**87,74,392**	**74,35,091**

26 **OTHER EXPENSES**

Particulars	As at 31.03.2022	As at 31.03.2021
Pollution control expenses	1,08,20,280	97,78,905
Consultancy & Legal Expenses	16,11,427	12,18,802
Rent & Facilities	37,96,314	22,82,476
Electricity Charges	7,10,410	6,24,304
Security Charges	12,56,179	11,90,869
Printing & Stationery	4,66,374	4,63,558
Communication Expenses	7,24,361	7,84,000
Insurance	10,67,746	8,38,413
Travelling & Conveyance Exp.	27,06,575	29,04,905
Selling Expenses	55,60,625	83,29,174
Carriage Outwards	1,57,76,167	1,56,91,712
Auditors' Remuneration:		
i. Audit Fees	2,00,000	2,00,000
ii. Tax Audit Fees	35,000	35,000
iii. Certification & Others	2,41,500	2,38,000
Vehicle Maintenance	8,49,690	2,16,870
Sales Tax	-	-
Exchange Rate Fluctuation	-	4,87,580
Miscellaneous Expenses	57,32,374	56,23,606
Sundry Balances Written Off (Net)	49,04,908	-
Stores, Spares & Others	45,18,807	73,19,678
Packing Material	1,22,37,954	98,64,566
Power & Fuels	3,09,57,344	2,94,75,144
Repairs & Maintenance – Buildings	3,25,472	5,24,421
Repairs & Maintenance - Plant & Machinery	16,96,328	10,39,327
Repairs & Maintenance - Others	2,51,241	3,14,911
Job Work Charges	11,92,444	24,32,523
Total	**10,76,39,518**	**10,18,78,744**

27 **EXCEPTIONAL ITEMS**

Particulars	As at 31.03.2022	As at 31.03.2021
Sundry balances adjusted	-	37,13,269

28 **EARNING PER SHARE**

Particulars	As at 31.03.2022	As at 31.03.2021
Net Profit the basic EPS	4,10,54,522	4,03,81,509
Weighted Average No.of Shares	12,65,03,000	12,65,03,000
Annualized Basic Earning per share (Basic and Diluted)	0.325	0.319

GENNEX LABORATORIES LIMITED

Note

29 **Contingent Liability**

S.No	**Particulars**	**As at 31.03.2022**	**As at 31.03.2021**
i)	Income-tax where appeals/Petitions are pending with Various Authorities	*59.14	*59.14
ii)	Sales Tax where Appeal is pending	*14.57	*111.04

*Company is hopeful of complete relief,hence no provision is made.

Sl No	Nature of Statute	Nature of Dues	Amount Rs. In Lacs	Period to which the amount relates to	Forum where the dispute is pending
1	CST	Sales Tax	14.57	2007-08	Appellate DC (CT)
	Total		14.57		
2	Income Tax	Income Tax	8.22	2001-02	Appellate Authority
		Income Tax	37.36	2002-03	Appellate Authority
		Income Tax	3.81	2015-16	Appellate Authority
		Income Tax	9.75	2019-20	Appellate Authority
	Total		59.14		

#'Based on the experiences,the management is of the opinion that the above cases would be in favour of the company.

#'However in case of loss then there could be significant impact on the financial statement of the company.

Note

30 Additional informatio pursuant to paragraphs 5 (viii) of part II of Schedule VI to the Companies Act,1956 are as follows:

S.No	Particulars	As at 31.03.2022	As at 31.03.2021
A.	**C.I.F. value of imports by the Company (Excluding imported items purchased locally)**		
	Raw Materials	7,86,14,996	2,42,29,692
	Fixed Assets	-	-
B.	**Expenditure in foreign currency during the year:**		
	a) Foreign Travel Expenses	-	-
	b) Sales Commission	29,75,815	39,94,772
	c) Bank Charges	3,00,327	3,52,851
	d) Business Promotion Charges	-	1,12,073
C.	**Details of consumption of imported and indigenous items**		

S.No	Particulars	As at 31.03.2022		As at 31.03.2021	
		Rs.	**%**	**Rs.**	**%**
	Imported				
	Raw Material	8,26,53,580	**21%**	3,07,46,572	**9%**
	Indigenous				
	Raw material	31,74,50,071	**79%**	31,11,52,692	**91%**
	Stores, Spares Parts & Components	45,18,807	**100%**	73,19,678	**100%**
	Total	**40,46,22,458**		**34,92,18,942**	

D. Segment Details

The Company is engaged in manufacture of Bulk Drugs & Intermediates which in the context of Accounting Standard- 17 issued by the Institute of Chartered Accountants of India is considered as a single segment.

The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:

Rs. In Lacs

S.No	Geographic Segment	Revenues For the year ended 31.03.2022	Segment assets As at 31.03.2022	Revenues For the year ended 31.03.2021	Segment assets As at 31.03.2021
1	ALGERIA	-	-	2.46	-
2	ARGENTINA	-	-	3.69	-
3	BANGLADESH	54.63	5.31	47.28	-
4	BOLIVIA	0	-	4.96	-
5	COLOMBIA	94.80	-	169.76	7.02
6	ECUADOR	0.00	-	50.88	-
7	EGYPT	732.19	237.96	684.79	92.47
8	EL SALVADOR	-	-	70.49	-
9	GERMANY	129.98	9.32	97.70	-
10	GUATEMALA	156.34	79.90	102.66	-
11	IRAN	60.5	22.20	156.41	22.20
12	ISRAEL	-	-	1.37	-
13	JORDAN	-	-	15.67	-
14	MEXICO	-	-	268.55	-
15	NICARAGUA	-	-	4.41	-
16	KENYA	2.03	-	-	-
17	PANAMA CITY	-	-	3.81	-
18	PERU	187.81	-	246.33	37.82
19	NETHERLAND	3.26	-	-	-
20	BELGIUM	6.82	-	-	-
21	SAUDI ARABIA	25.95	4.61	15.68	-
22	SINGAPORE	22.56	22.74213	-	-
23	SPAIN	1,098.93	139.40	2.00	-
24	SWITZERLAND	320.21	-	-	-
25	CANADA	7.26	-	-	-
26	URUGUAY	5.36	-	-	-
27	VIETNAM	444.06	78.38	458.52	-
28	YEMAN	-	-	10.22	-
29	ISTANBUL	3.47	-	-	-
30	INDIA	2,765.22	531.53	3,547.26	735.14
	TOTAL	**6,121.38**	**1,131.35**	**5,964.90**	**894.65**

	Particulars	As at 31.03.2022	As at 31.03.2021
E.	**Earning in Foreign Currency on F.O.B. basis**		
	Export of Goods	32,14,17,869	22,93,34,868

Name of related parties and related party relationship:

Related parties with whom transations have taken place during the year

Enterprise having significant influence on the Company

Key Management Personnel/Directors

Mr Arihant Baid (Managing Director)
Mr T M Gopalakrishnan (Whole Time Director)
Mr Y Ravinder Reddy (Independent Director)
Ms. Sadhana Bhansali (Independent/Woman Director)
Mr Vinod Choraria (Independent Director)
Mr L.P.Baid (Chief Financial Officer)
Mr Rajesh Vankodara (Company Secretary)

Relative of Key Management Personnel/Directors

Mr Vinod Baid

Enterpriss owned or significantly influenced by Key Management Personnel/Directors or their relatives

(Deccan Remedies Limited)

Relative of Key Management Personnel/Directors

Mr T M Gopalakrishnan (Director)

31.1 Remuneration of Key Personnel/Directors

S.No	Name & Relationship	Nature of Transaction Year ended	Period	Amount (Rs.)
1	Mr. Arihant Baid	Remuneration	31.03.2022	30,28,800
	Managing Director	Remuneration	31.03.2021	30,28,800
2	Mr T.M. Gopalakrishnan	Remuneration	31.03.2022	24,69,974
	Whole-Time Director	Remuneration	31.03.2021	25,38,194
3	Mr L.P.Baid	Remuneration	31.03.2022	16,96,200
	Chief Financial Officer	Remuneration	31.03.2021	15,80,750
4	Mr Vankadara Rajesh	Remuneration	31.03.2022	9,89,400
	Company Secretary	Remuneration	31.03.2021	8,39,403

32 Employees Benefits:

32.1 Company has not renewed the Group Gratuity Scheme with LIC last year.

Therefore,gratuity valuation has been done through Independent agency as per Ind As 19.As per the valuation made by the Independent Agency the present of accrued gratuty comes to Rs 2922601/- (Previes Year Rs 2229479/-) on estimates of discounts @ 7.12% (6.68%) and escalation on salaries @ 5 % (5%) .

32.2 Defined Contribution Plan:

Contribution to defined contribution plan, recognized as expenses for the year are as under:

Employer's Contribution to Provident/Pension Fund - Rs. 21,08,735/-

The Company contributes applicable rates of salary of all eligible employees towards Provident Fund managed by the Central Government.

Leave Encashment: -

The Company has provided a sum of Rs. 13,77,245/- towards Leave encashment based on actuarial valuation.

33 Balance in Advances, Deposits, Unsecured loans, other Liabilities, Trade Receivables, Trade Payables and advances against suppliers are subject to confirmation by respective parties.

34 Fixed Assets includes land for which Registration formalities are yet to be completed.

35 The Company's Lease Agreement in respect of Building at Srinagar Colony. The Lease Rentals payable are charged as "Lease Rental Charges" under "Other Expenses" in Note No - 25. This leasing arrangement is for longer period and renewable by mutual consent on mutually agreeable terms. Future lease rental payable are as under:

Particulars	As at 31.03.2022*	As at 31.03.2021
Payable:		
Not later than one year	24.53	21.26
Later than one year but not later than 3 years.	3.27	22.90
Later than 3 years.	0.00	0.00

*** The above figures are given without discounting at present value**

36 Investment includes Rs.70,000,000 in Shares of Deccan Remedies Limited for the Company's expansion plans.

37 There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

38 In accordance with the Accounting Standards (AS-28) on "Impairment of Assets" the management during the year carried out exercise of identifying the assets that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the management there was no impairment loss on the fixed assets during the year ended 31st March, 2022.

39 Investment Subsidy received from Andhra Pradesh Government is shown under Other Equity.

As per our report of even date attached

For PPKG & CO
Chartered Accountants
Firm Registration No: 009655S

Giridhari Lal Toshniwal
Partner
M.No. 205140
UDIN: 22205140AJXVVE6552

Place: Hyderabad
Date: May 30, 2022

For and on behalf of the Board
Gennex Laboratories Limited

Arihant Baid
Managing Director

TM Gopalakrishanan
Whole-time Director

Laxmipat Baid
Chief Financial Officer

Rajesh Vankadara
Company Secretary

Note

40 **INCOME TAX**

Rs. In Lacs

Particulars	As at 31.03.2022	As at 31.03.2021
Tax expense(Credit) comprises of:		
Current Income Tax	132.00	127.00
Deferred Tax	-14.97	-24.60
Income tax expense reported in the statement of profit or loss	117.03	102.40

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.17% (March 31, 2021: 25.17%) and the reported tax expense in profit or loss are as follows:

Reconciliation of tax expense and the accounting profit multiplied by India’s tax rate

Particulars	As at 31.03.2022	As at 31.03.2021
Profit before tax	509.35	506.22
Tax at the Indian tax rate (25.17%) (March 31, 2021: 25.17%)	128.20	127.41
Adjustments:		
CSR expenses and other donations	-	-
Weighted deduction on research and development expense	-	-
Tax incentives	-	-
Capital gain tax	-	-
MAT credit utilisation	-	-
Deferred tax assets not recognized / (utilized)	14.97	24.60
Effect of change in tax laws and rate in jurisdictions outside India	-	-
Other Adjustments	3.80	0.41
Income tax expense	117.03	102.40

41 **Capital management**

The Company’s policy is to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business.

The Company manages its Capital structure through a balanced mix of debt and equity.
The Company’s capital structure is influenced by the changes in the regulatory frameworks, government policies, available options of financing and impact of the same on liquidity position.

The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The table below shows the Gearing ratio for FY 2021-22 and FY 2020-21.

Rs. In Lacs

Particulars	As at 31.03.2022	As at 31.03.2021
Borrowings	1,012.37	736.19
Trade Payables	774.15	594.47
Less: Cash & Cash Equivalents	831.29	106.91
Net Debt	955.23	1,223.75
Equity Capital	4,399.77	3,989.22
Equity Capital and Net Debt	5,355.00	5,212.97
Gearing Ratio	**18%**	**23%**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

42. **Fair Values**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Rs. In Lacs

Particulars	Carrying Values As at 31.03.2022	Carrying Values As at 31.03.2021	Fair Values As at 31.03.2022	Fair Values As at 31.03.2021
Financial Assets				
Investments	682.75	682.75	682.75	682.75
Other financial assets	31.91	27.97	31.91	27.97
Tax Assets (Net)	-	-	-	-
Trade Receivables	1,131.35	894.65	1,131.35	894.65
Cash and Cash Equivalents	32.12	18.61	32.12	18.61
Bank balances other than cash and cash equivalents	799.18	88.30	799.18	88.30
Other financial assets	1891.15	2146.80	1891.15	2146.80
Total	**4,568.45**	**3,859.08**	**4,568.45**	**3,859.08**
Financial Liabilities				
Non-current Borrowings	-	-	-	-
Other non-current financial Liabilities	-	-	-	-
Current Borrowings	1012.37	736.19	1012.37	736.19
Trade Payables	774.05	594.47	774.05	594.47
Other current financial Liabilities	363.14	330.45	363.14	330.45
Total	**2,149.57**	**1,661.11**	**2,149.57**	**1,661.11**

The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

43. **Fair values hierarchy**

Financial assets and liabilities measured at fairvalue in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for the financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using the valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Rs` in Lacs

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Obser- vable Inputs (Level 2)	Significant Unobser- vable Inputs (Level 3)
Fair value of financial assets disclosed:					
Investments	31-Mar-2022	682.75	-	682.75	-
Other financial assets	31-Mar-2022	31.91	-	31.91	-
Tax Assets (Net)	31-Mar-2022	-	-	-	-
Trade Receivables	31-Mar-2022	1,131.35	-	1,131.35	-
Cash and Cash Equivalents	31-Mar-2022	32.12	-	32.12	-
Bank balances other than cash and cash equivalents	31-Mar-2022	799.18	-	799.18	-
Other financial assets	31-Mar-2022	1891.15	-	1891.15	-
Total		4,568.46	-	4,568.46	-

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2022:

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Obser- vable Inputs (Level 2)	Significant Unobser- vable Inputs (Level 3)
Fair value of financial liabilities disclosed					
Non-current Borrowings	31-Mar-2022	-	-	-	-
Other non-current financial Liabilities	31-Mar-2022	-	-	-	-
Current Borrowings	31-Mar-2022	1,012.37	-	1,012.37	-
Trade Payables	31-Mar-2022	774.05	-	774.05	-
Other current financial Liabilities	31-Mar-2022	363.14	-	363.14	-
Total		**2,149.56**		**2,149.56**	-

There have been no transfers between Level 1 and Level 2 during the period.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities: Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021:

` in Lakhs

Particulars	Date of valuation	Total		Quoted prices in active markets (Level 1)	Significant Obser- vable Inputs (Level 2)	Significant Unobser- vable Inputs (Level 3)
Fair value of financial assets disclosed						
Investments	31-Mar-2021	682.75	-	-	682.75	-
Other financial assets	31-Mar-2021	27.97	-	-	27.97	-
Tax Assets (Net)	31-Mar-2021	-	-	-	0.00	-
Trade Receivables	31-Mar-2021	894.65	-	-	894.65	-
Cash and Cash Equivalents	31-Mar-2021	18.61	-	-	18.61	-
Bank balances other than cash and cash equivalents	31-Mar-2021	88.30	-	-	88.30	-
Other financial assets	31-Mar-2021	2146.80	-	-	2146.80	-
Total		**3,859.08**	**-**	**-**	**3,859.08**	**-**

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2021:

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Obser- vable Inputs (Level 2)	Significant Unobser- vable Inputs (Level 3)
Fair value of financial liabilities disclosed					
Non-current Borrowings	31-Mar-2021	-	-	-	-
Other non-current financial Liabilities	31-Mar-2021	-	-	-	-
Current Borrowings	31-Mar-2021	736.19	-	736.19	-
Trade Payables	31-Mar-2021	594.47	-	594.47	-
Other current financial Liabilities	31-Mar-2021	330.45	-	330.45	-
Total		**1,661.11**	**-**	**1,661.11**	**-**

There have been no transfers between Level 1 and Level 2 during the period.

44. Financial risk management objectives and policies

The Company is exposed to financial risk such as Market Risk (Interest Rate Risk, fluctuation in foreign exchange rates and price risk), credit risk and liquidity risk. The general risk management program of the Company focuses on the unpredictability of the financial markets and attempts to minimize their potential negative influence on the financial performance of the Company. The Company continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, foreign currency risk and other price risk. Financial instruments of the Company affected by market risk include borrowings and deposits.

The sensitivity analysis in the following sections relate to the position as at March 31, 2022 and March 31, 2021.

The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post- retirement obligations; provisions; and the non-financial assets and liabilities.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2022 and March 31, 2021.

Interest Rate Risk

The interest rate risk arise from long term borrowing of the company with variable interest rates (Bank one year MCLR plus spread). Although the spread is fixed, it is subject to change at fixed time interval or occurrence of specified event(s). Management monitors the movement in interest rate and, wherever possible, reacts to material movements in such rates by restructuring its financing arrangement.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Inrease/ (decrease) in Interest Rate	Inrease/ (decrease) in Profit Before Tax
March 31, 2022		
INR	0.5% p.a.	-1.94
INR	(0.5)% p.a.	1.94
March 31, 2021		
INR	0.5% p.a.	-1.94
INR	(0.5)% p.a.	1.94

Price risk

Price risk is the risk of fluctuations in the change in prices of equity Investments. The Company's investment in JV company is of strategic in nature rather than for trading purpose.

Credit risk

Credit risk is the risk arising from credit exposure to customers and the counterparty will default on its contractual obligations.

The Company has adopted a policy of only dealing with creditworthy customers/ corporates to minimise collection losses. Credit Control team assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. Advance payments are obtained from customers in banquets, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of trade and other receivables, advances to suppliers, cash and short- term deposits and interest receivable on deposits represents company's maximum exposure to the credit risk. No other financial asset carry a significant exposure with respect to the credit risk. Deposits and cash balances are placed with Schedule Commercial banks.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company also holds advances as security from customers to mitigate credit risk.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments held by the Company are in the nature of investment in jointly controlled entity and also an investment in an alternate energy supply company as required under the respective State energy policy. Both the categories are unquoted non-trade equity.

Liquidity risk

Liquidity risk is the risk that the Company will have difficulty in raising the financial resources required to fulfil its commitments.

Liquidity risk is held at low levels through effective cash flow management. Cash flow forecasting is performed internally by rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational requirements, to fund scheduled capex and debt repayments and to comply with the terms of financing documents.

The Company primarily uses short-term bank facilities in the nature of bank overdraft facility to fund its ongoing working capital requirements.

GENNEX LABORATORIES LIMITED

RATIO ANAlYSIS

A. Current Ratio:

Particulars	As at 31.03.2022	As at 31.03.2021
Current Assets	47,18,16,797	37,66,89,985
Current Liabilities	24,20,81,192	19,02,37,370
Current Ratio	**1.949**	**1.980**

Current Assets =Inventories,Trade receivables,Cash and Cash Equivalents,Bank Balance other than Cash and Cash Equivalents,Loans and advances to employees,"Advances to Contractors, Suppliers",Advances recoverable cash or in kind,Prepaid Expenses,GST credit receivable,Balances with Central Excise Deptt,Meis claim receivable,Accrued Interest

current liabilities = Borrowings,Trade Payable,Creditors for Capital Goods,Advances from Customers,Other Liabilities,Provision for leave encashment,Current Tax Liabilities

B. Debt-Equity Ratio (D/E):

Particulars	As at 31.03.2022	As at 31.03.2021
Total Liabilities	24,21,13,621	19,19,21,919
Total Shareholder's Equity	43,99,76,674	39,89,22,151
Debt-Equity Ratio	**0.550**	**0.481**

Total liabilities = Borrowings,Trade Payable,Creditors for Capital Goods,Advances from Customers,Other Liabilities,Provision for leave encashment,Current Tax Liabilities,Other financial liabilities,Deferred Tax Liabilites (Net)

Total Shareholder's Equity = Equity Share Capital,Other Equity(Share Premium,Investment Subsidy,General Reserve,Capital Reserve (Forfeit of warrant),Retained Profit on Property, plant and equipmen (net of deferred tax),Balance in Profit & Loss

C. Deb Service Coverage ratio:

Particulars	As at 31.03.2022	As at 31.03.2021
Net Operating Income	5,52,97,930	5,49,90,250
Debt Service	10,77,37,326	7,68,91,608
Deb Service Coverage ratio	**0.513**	**0.715**
The **net operating income** (**NOI**) formula calculates a company's income after operating expenses are deducted, but before deducting interest and taxes		
where: Debt Service (which includes the principal and interest payments on a loan)		
DS = (interest*(1-tax rate)) + Principal		

D. Return on Equity Ratio (ROE):

Particulars	As at 31.03.2022	As at 31.03.2021
	0.086	**0.095**
ROE = (Earnings before tax/Sales) x (Sales/Assets) x (Assets/Equity) x (1 - Tax Rate) or ROE = Net Profit Margin x Asset Turnover x Equity Multiplier		

E. Inventory Turnover Ratio

Particulars	As at 31.03.2022	As at 31.03.2021
COGS (Cost of Goods Sold)	38,78,37,208	34,90,93,158
Average value of Inventory (Beginning Inventory+Ending Inventory/2)	4,47,71,875	4,28,85,746
Inventory Turnover Ratio	**8.663**	**8.140**

F. Trade Receivables turnover ratio:

Particulars	As at 31.03.2022	As at 31.03.2021
Net Annual Credit Sales	1,38,13,910	52,44,381
Average Accounts Receivable	10,12,99,633	7,61,30,231
Trade Receivables turnover ratio	**0.136**	**0.069**
Where Average Accounts Receivable = (opening accounts receivable+closing accounts receivable)/2		

G Trade payables turnover ratio:

Particulars	As at 31.03.2022	As at 31.03.2021
Net Annual Credit Purchases	40,69,08,915	33,37,93,709
Average Accounts Payable	6,84,26,189	7,03,83,690
Trade payables turnover ratio	**5.947**	**4.742**
Where Average Accounts payables = (opening accounts payable+closing accounts payable)/2		

H. Net Capital Turnover Ratio:

Particulars	As at 31.03.2022	As at 31.03.2021
Total Sales	61,21,37,731	59,64,89,973
Total Shareholders Equity	43,99,76,674	39,89,22,151
Net Capital Turnover Ratio	**1.391**	**1.495**

Total Shareholder's Equity = Equity Share Capital,Other Equity(Share Premium,Investment Subsidy,General Reserve,Capital Reserve (Forfeit of warrant),Retained Profit on Property, plant and equipmen (net of deferred tax),Balance in Profit & Loss

i Net Profit Ratio

Particulars	As at 31.03.2022	As at 31.03.2021
Revenue - Cost	5,09,35,106	5,06,21,778
Revenue	62,59,51,640	60,17,34,354
Net Profit Ratio	**0.081**	**0.084**

Revenue = Sale of Products,Intrastate sales - scrap,Interest Income,Sundry balances written off/back,profit on sale of fixed assets,exchange rate fluctuation,duty draw back

cost = Cost of materials Consumed,"Changes in Inventories of Finished Goods,Stock-in-trade and Work-in-progress",Employee Benefits expense,Finance Costs,Depreciation expenses,Pollution control expenses,Consultancy & Legal Expenses,Rent & Facilities,Electricity Charges,Security Charges,Printing & Stationery,Communication Expenses,Insurance,Travelling & Conveyance Exp.,Selling Expenses,Carriage Outwards,Audit Fees,Tax Audit Fees,Certification & Others,Vehicle Maintenance,Miscellaneous Expenses,Sundry Balances Written Off,Stores, Spares & Others,Packing Material,Power & Fuels,Repairs & Maintenance – Buildings,Repairs & Maintenance - Plant & Machinery,Repairs & Maintenance - Others,Job Work Charges

J. Return on Capital Employed:

Particulars	As at 31.03.2022	As at 31.03.2021
NOPAT	3,92,32,324	4,03,81,509
Invested Capital	44,00,09,103	40,06,06,700
Return on Capital Employed:	**0.089**	**0.101**
Where: NOPAT = Net operating Profit after taxes		
NOPAT = (Operating Profit) (1-Efficitive tax Rate)		
Capital Employed = Total Assets – Current Liabilities		

K. Return on Investment:

Particulars	As at 31.03.2022	As at 31.03.2021
NOPAT	3,92,32,324	4,03,81,509
Investment	7,01,00,000	7,01,00,000
Return on Investment:	**0.560**	**0.576**
Where: NOPAT = Net operating Profit after taxes		

Independent Auditor's Report

To the Members of
Gennex Laboratories Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

1. We have audited the accompanying Consolidated financial statements of Gennex Laboratories Limited ('the Company'), which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and 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 except for the information referred to in Basis for Qualified opinion of our report, the aforesaid Consolidated financial statements give the information required by the Companies Act, 2013 ('Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS') specified under section 133 of the Act, of the state of affairs (Financial position) of the Company as at March 31, 2022, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Basis for Qualified Opinion

3. The Balances of Current Assets, Other Non-Current Assets, Non-Current Liabilities, Other Non-Current Liabilities, Current Liabilities & Other Current Liability are subject to Confirmation/reconciliations. The Impact of the same is, unascertained.

4. We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. 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 ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated 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.

6. We have determined the matter described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our Audit addressed the key audit matter
Carrying value of Investment in Associate entity. The Company has an investment of Rs 700 lakhs in its associate Deccan Remedies ltd **Pending Land registration**	As informed to us, The Company is still in the construction stage and yet to commence the operation, Hence valued at Cost. Discussion with the management on the development in these litigations during year ended March 31, 2022 Review of the disclosures made by the company in the financial statements in this regard. Obtain representation letter from the management on the assessment of these matters.

Information other than the Financial Statements and Auditor's Report thereon

7. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management for the Consolidated Financial Statements

8. The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS 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 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.

9. In preparing the 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.

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

Auditors Responsibilities for the Audit of the Financial Statements

11. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report Consolidated Financials that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing 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 financial statements.

12. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

    - Identify and assess the risks of material misstatement of the 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.
    - 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 Act, we are also responsible for explaining 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

13. We 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.

14. 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.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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.

Other Matters

16. We did not audit the financial statements and other financial information of the Associate Company whose financial statements reflect total assets (before consolidation adjustments) of Rs. 27.89 Crores as at March 31, 2022, total revenues (before consolidation adjustments) of Nil and net cash outflows (before consolidation adjustments) amounting to Rs. (3,674,788)/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements and financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these Associates and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid Associates is based solely on the audit reports of the other auditors.

17. Our opinion above on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

18. As required by the Companies (Auditor's Report) Order, 2020 ('the Order') issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order.

19. Further to our comments in Annexure A, as required by section 143(3) of the Act, 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 purpose 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 Consolidated financial statements dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid Consolidated financial statements comply with Ind AS specified under section 133 of the Act;

    e) on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of section164(2) of the Act;

    f) we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on March 31, 2022, in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date and our report as per Annexure B expressed unmodified opinion; and

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 on its financial position as at March 31, 2022;

   ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2022; and

   iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company during the year ended March 31, 2022;

h) We did not audit the financial statements of Associate Company and Company's Branches which are included in the consolidated financial report. These financial statements have been audited by other auditors whose report have been furnished to us by the management and our opinion on the consolidated financial reports, in so far as it relates to the amounts and disclosures included in respect of this associate and Branch is based solely on the reports of the other auditors.

20. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.

For **PPKG & Co**
Chartered Accountants
Firm's Registration No.: 009655S

Girdhari Lal Toshniwal
Partner
Membership No.: 205140
UDIN: 22205140AJXWNQ5729

Place: Hyderabad
Date: May 30, 2022

Annexure A to the Independent Auditor's Report of even date to the members of Gennex Laboratories Limited, on the Consolidated financial statements for the year ended March 31, 2022

Based on the audit procedures performed for the purpose of reporting a true and fair view on the Consolidated financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

(i)

a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b. The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.

c. The title deeds of all the immovable properties (which are included under the head ('Property, plant and equipment') are held in the name of the Company except for the Land purchased from Mercury Fund Management Co, Ltd in the FY 2009-10 for Rs 7,78,75,000 situated at Survey no 32-IE, 32-IF ,32-IF1 and 32-IF2 at Alkaturru Village Nindra Mandal, Chittoor District(AP) for the purpose of setting up Unit-II. Registration of the same is pending for the reason of conversion from Agricultural Land to Industrial Land.

d. The company has not revalued any of its Property, Plant and Equipment's during the year.

e. As per the information given to us there are no proceedings initiated or pending against the Company for holding any Benami Property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii)

a. In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year, no material discrepancies were noticed on the aforesaid verification.

b. The company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets and the quarterly returns and the statements filed by the company with such banks or financial institutions are not in agreement with the books of account of the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties.

(iv) In our opinion, the Company has complied with the provisions of Section 186 in respect of investments and loans. Further, in our opinion, the Company has not entered into any transaction covered under Section185 and Section 186 of the Act in respect of guarantees and security.

(v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section

(1) of Section 148 of the Act, as informed to us the provision of sec 148(1) are now applicable and the Cost audit for the year 2021-22 is in progress.

(vii)

i. Undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and other material statutory dues, as applicable, have generally been regularly deposited witht he appropriate authorities, though there has been a slight delay in a few cases. Further, undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

ii. The dues outstanding in respect of Income tax, sales-tax, service-tax, duty of customs on account of disputes, are as follows:

#	Nature of Statute	Nature of Dues	Amount(Rs in Lacs) (Disputed)	Period to which the amount relates to	Forum where the dispute is pending
1	CST	Sales Tax	14.57	2007-08	Appellate DC(CT)
		Total	**14.57**		
				Assmt year	
2	Income Tax	Income Tax	8.22	2001-02	Appellate Authority
		Income Tax	37.36	2002-03	Appellate Authority
		Income Tax	3.81	2015-16	Appellate Authority
		Income Tax	9.75	2019-20	Appellate Authority
		Total	**59.14**		

(viii) All the transactions recorded in the books of account have been disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

(ix)

a. The Company has not defaulted in repayment of loans or borrowings to any bank during the year. The Company has loans or borrowings payable to financial institutions or government and does not have any outstanding debentures during the year;

b. The company is not declared willful defaulter by any bank or financial institution or other lender;

c. the term loans were applied for the purpose for which the loans were obtained;

d. To the extent of our check, no funds are raised by the company for short term has been utilized for long term purposes;

e. the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures;

f. The company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x)

a. The Company has not raised any moneys by way of initial public offer or further public offer.

b. the company has not made any preferential allotment or private placement of shares or convertible debentures.

(xi)

a. In our opinion, no fraud by the company or any fraud on the company has been noticed or reported during the year.

b. No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;

c. No Whistle Blowers Complaints were received during the year

(xii) In our opinion, the Company is not a Nidhi Company, accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the consolidated financial statements etc., as required by the applicable Ind AS.

(xiv)

a. the company has an internal audit system commensurate with the size and nature of its business;

b. the reports of the Internal Auditors for the period under audit were considered by the statutory auditor.

(xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act. Accordingly, the provisions of clause 3(xv) of the order are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

(xvii) The Company has not incurred cash losses in the financial year and in the immediately preceding financial year

(xviii) The Statutory Auditors of the Company has not resigned during the year.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, the auditor's knowledge of the Board of Directors and management plans, the auditor is of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date;

(xx) The company is not liable to contribute under section 135 of The Companies Act, 2013. Accordingly, the provisions of clause 3(xx) of the order are not applicable.

(xxi) There has been no qualifications and adverse remarks by the respective auditors in the Companies (Auditor's Report) Order (CARO) reports of the companies to be included in the consolidated financial statements.

For **PPKG & Co**
Chartered Accountants
Firm's Registration No. : 009655S

Girdhari Lal Toshniwal
Partner
Membership No: 205140
UDIN: 22205140AJXWNQ5729

Place: Hyderabad
Date: May 30, 2022

Annexure B to the Independent Auditor's Report of even date to the members of Gennex laboratories Limited, on the consolidated financial statements for the year ended March 31, 2022.

Independent Auditor's Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

Opinion

1. In conjunction with our audit of the consoldiated financial statements of Gennex Laboratories Limited ('the Company') as at and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting ('IFCoFR') of the Company as at that date.

2. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial Reporting and such controls were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Management's Responsibility for Internal Financial Controls

3. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI').These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of the Company's business ,including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

4. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.

5. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR includes obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

7. A company's IFCoFR is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's IFCoFR include those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

8. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk that the IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **PPKG & Co**
Chartered Accountants
Firm’s Registration No.: 009655S

Girdhari Lal Toshniwal
Partner
Membership No: 205140
UDIN: 22205140AJXWNQ5729

Place: Hyderabad
Date: May 30, 2022

GENNEX Laboratories Limited

CIN: L24230TG1990PLC011168

Regd. Off. Add: #133, IDA Bollaram, Jinnaram Mandal, Sangareddy District - 502 235, Telanagana State, India

Balance Sheet for the Financial Year March 31, 2022 (CONSOLIDATED)

S.No	Particulars	Note No	As at 31.03.2022	As at 31.03.2021
1	**ASSETS**			
	Non-Current Assets			
	Property, Plant and Equipment	3	13,69,82,383	14,12,57,198
	Financial Assets			
	Investments in Associate	4(a)	6,81,74,876	6,81,74,876
	Other Investment	4(b)	1,00,000	1,00,000
	Other non-current financial assets			
	Other non-current assets	5	31,91,115	27,96,887
	Total non-current assets		20,84,48,374	21,23,28,961
2	**Current Assets**			
	Inventories	6	7,73,67,235	5,01,84,862
	Financial Assets			
	Trade receivables	7	11,31,34,668	8,94,64,597
	Cash and Cash Equivalents	8(a)	32,11,925	18,61,280
	Bank Balance other than Cash and Cash Equivalents	8(b)	7,99,17,507	88,30,198
	Other Current Assets	9	18,91,14,600	21,46,80,174
	Total Current Financial Assets		38,53,78,699	31,48,36,249
	Current tax assets (Net)		-	-
	Other Current Assets	10	90,70,863	1,16,68,874
	Total Current Assets		47,18,16,797	37,66,89,985
	Total Assets		**68,02,65,171**	**58,90,18,946**
1	**Equity**			
	Equity Share Capital	11	12,65,03,000	12,65,03,000
	Other Equity	12	31,16,48,550	27,05,94,027
	Total Equity		43,81,51,550	39,70,97,027
	Non-Current Liabilities			
	Financial Liabilities			
	Other financial liabilities	13	-	1,54,902
	Deferred Tax Liabilites (Net)	14	32,429	15,29,647
	Total Non-Current Liabilities		32,429	16,84,549
	Current Liabilities			
	Financial Liabilities			
	Borrowings	15	10,12,37,256	7,36,19,185
	Trade Payables			
	- Total outstanding dues of MSME's(refer Note)	16(a)	1,99,05,082	1,23,29,147
	- Total outstanding dues of creditors other than MSME's (refer Note)	16(b)	5,75,00,305	4,71,17,844
	Other financial liabilities	17	3,63,14,186	3,29,00,545
	Total Current Financial Liabilities		21,49,56,829	16,59,66,721
	Other Current Liabilities			
	Provisions	18	63,18,394	55,62,227
	Current Tax Liabilities (Net)	19	2,08,05,969	1,87,08,422
	Total Current Liabilities		2,71,24,363	2,42,70,649
	TOTAL EQUITY AND LIABILITIES		**68,02,65,171**	**58,90,18,946**
	Significant Accounting Policies			
	The accompanying notes are an integral part of these financial statements	1-44		

As per our report of even date attached

For and on behalf of the Board
Gennex Laboratories Limited

For PPKG & CO
Chartered Accountants
Firm Registration No: 009655S

Arihant Baid
Managing Director

TM Gopalakrishanan
Whole-time Director

Giridhari Lal Toshniwal
Partner
M.No. 205140
UDIN: 2205140AJXVVE6552

Laxmipat Baid
Chief Financial Officer

Rajesh Vankadara
Company Secretary

Place: Hyderabad
Date: May 30, 2022

GENNEX Laboratories Limited
CIN: L24230TG1990PLC011168
Regd. Off. Add: #133, IDA Bollaram, Jinnaram Mandal, Sangareddy District - 502 235, Telanagana State, India
Statement of Profit and Loss for the year ended 31st March 2022 (CONSOLIDATED)

S.No	Particulars	Note No	As at 31.03.2022	As at 31.03.2021
I	Revenue from Operations	20	65,26,28,218	63,65,01,290
	Less: Excise/ GST		4,04,90,487	4,00,11,317
			61,21,37,731	**59,64,89,973**
II	Other Income	21	1,38,13,910	52,44,381
III	**Total Income (I + II)**		**62,59,51,640**	**60,17,34,354**
IV	**Expenses:**			
	Cost of materials Consumed	22	40,01,03,651	34,18,99,264
	Changes in Inventories of Finished Goods,Stock-in-trade and Work-in-progress	23	(1,90,71,707)	1,52,99,449
	Employee Benefits expense	24	6,96,86,064	7,20,79,382
	Finance Costs	25	87,74,392	74,35,091
	Depreciation expenses	3	78,84,616	88,07,377
	Other Expenses	26	10,76,39,518	10,18,78,744
	Total Expenses (IV)		**57,50,16,534**	**54,73,99,307**
V	Profit/(Loss) before Exceptional Items & Tax (I - IV)		5,09,35,106	5,43,35,047
VI	Exceptional Items	27	-	37,13,269
VII	**Profit before Tax**		**5,09,35,106**	**5,06,21,778**
VIII	**Tax Expense**			
	Adjustment of tax relating to previous years		-	-
	Current Tax		(1,32,00,000)	(1,27,00,000)
	Deffered Tax		14,97,218	24,59,731
	Profit for the year from continuing operations (VII - VIII)		**3,92,32,324**	**4,03,81,509**
X	Profit / (Loss) for the period from discontinued operations		-	-
XI	Tax Expenses of discontinued operartions		-	-
XII	Profit / (Loss) for the period from discontinued operations		-	-
XIII	Profit / (Loss) for the period (IX + XII)		3,92,32,324	4,03,81,509
XIV	**Other Comprehensive Income**			
A (i)	Items that will not be reclassified to Profit or Loss		18,22,198	-
(ii)	Income Tax relating to items that will not be reclassified to Profit or Loss		-	-
B (i)	Items that will be reclassified to Profit or Loss		-	-
(ii)	Income Tax relating to items that will be reclassified to Profit or Loss		-	-
XV	**Total comprehensive Income for the year (XII + XIV) [Comprising Profit and Other Comprehensive Income for the year]**		**4,10,54,522**	**4,03,81,509**
XVI	**Earning per Equity Share for continuing operation in Rs (Face value per share Rs 1 each):**			
	(1) Basic	28	**0.325**	**0.319**
	(2) Diluted		**0.325**	**0.319**
XVII	**Earning per Equity Share for discontinuing operation:**			
	(1) Basic		-	-
	(2) Diluted		-	-
XVIII	**Earning per Equity Share (for continuing & discontinued operations)**			
	(1) Basic		**0.325**	**0.319**
	(2) Diluted		**0.325**	**0.319**
	Significant Accounting Policies			
	The accompanying notes are an integral part of these financial statements	1 to 44		

For and on behalf of the Board
Gennex Laboratories Limited

As per our report of even date attached

For PPKG & CO
Chartered Accountants
Firm Registration No: 009655S

Arihant Baid
Managing Director

TM Gopalakrishanan
Whole-time Director

Giridhari Lal Toshniwal
Partner
M.No. 205140
UDIN: 2205140AJXVVE6552

Laxmipat Baid
Chief Financial Officer

Rajesh Vankadara
Company Secretary

Place: Hyderabad
Date: May 30, 2022

GENNEX Laboratories Limited

CIN: L24230TG1990PLC011168

Regd. Off. Add: #133, IDA Bollaram, Jinnaram Mandal, Sangareddy District - 502 235, Telanagana State, India

Cash Flow Statement as on March 31, 2022 (CONSOLIDATED)

Particulars	As at 31.03.2022	As at 31.03.2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax	5,09,35,106	5,06,21,778
Adjustment for :		
Depreciation and amoratisation expense	78,84,616	88,07,377
Finance Cost	87,74,392	74,35,091
Comprehensive Income	18,22,198	-
Interest Income	90,02,282	(5,38,160)
(Gain)/loss on sale of asset	-	-
Operating Profit before working capital changes	**7,84,18,594**	**6,63,26,086**
Adjustment for :		
Trade payables and other liability	2,21,28,204	(3,93,21,342)
Trade receivables	(2,36,70,071)	(2,66,68,732)
Inventories	(2,71,82,373)	2,41,88,264
Financial and other Assets	2,77,69,358	(2,35,55,607)
Cash generated from operations	**7,74,63,713**	**9,68,669**
Adjustments for :		
Income Taxes paid	(1,11,02,453)	(1,53,39,735)
Net Cash from operating activities	**6,63,61,260**	**(1,43,71,066)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property,plant and equipment	(38,96,709)	(7,87,750)
Sale of property,plant and equipment	2,86,909	-
Interest Income	(90,02,282)	5,38,160
Net Cash used in Investing activities	**(1,26,12,082)**	**(2,49,590)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	-	-
Changes in Long Term Borrowings	(1,54,902)	(1,54,902)
Changes in Short Term Borrowings (Net)	2,76,18,070	2,37,75,990
Interest Paid	(87,74,392)	(74,35,091)
Net Cash from Financing activities	**1,86,88,776**	**1,61,85,997**
Net Increase / (Decrease) in Cash and Cash equivalent (A+B+C)	7,24,37,954	15,65,341
Cash and Cash Equivalents as at the beginning of the year	1,06,91,478	91,26,137
Cash and Cash Equivalents as at the end of the year	8,31,29,432	1,06,91,478

Notes:

1. The above Cash Flow Statement has been prepared under the " Indirect Method" set out in Indian Accounting Standard (Ind-AS)- 7 on Statement of Cash Flow.
2. Figures in bracket indicate cash outflow.
3. Previous year comparatives have been reclassified to confirm with current year's presentation,wherever applicable.

As per our report of even date attached

For and on behalf of the Board
Gennex Laboratories Limited

For PPKG & CO
Chartered Accountants
Firm Registration No: 009655S

Arihant Baid
Managing Director

TM Gopalakrishanan
Whole-time Director

Giridhari Lal Toshniwal
Partner
M.No. 205140
UDIN: 2205140AJXVVE6552

Laxmipat Baid
Chief Financial Officer

Rajesh Vankadara
Company Secretary

Place: Hyderabad
Date: May 30, 2022

Statement of Changes in Equity

A. Equity Share Capital

Notes	Number of Shares		Amount
As at 01st April, 2018	12,65,03,000	₹	12,65,03,000
Changes in Equity Share Capital			
As at 31st March, 2019	12,65,03,000	₹	12,65,03,000
Changes in Equity Share Capital			
As at 31st March, 2020	12,65,03,000	₹	12,65,03,000
Changes in Equity Share Capital			
As at 31st March, 2021	12,65,03,000	₹	12,65,03,000
Changes in Equity Share Capital			
As at 31st March, 2022	12,65,03,000	₹	12,65,03,000

B. Other Equity

Particulars	Share Application Money pending allotment	Equity Component of application financial Instrument	Reserves & Surplus			Retained Earnings	Debt Instrument through other Comprehensive Income	Equity Instrument through other Comprehensive Income	Effective Portion of Cash Flow Hedges	Effective difference on Translation the financial statement	Other Items of Comprehensive Income (Specify nature)	Money received against share capital	Total
			Capital Reserve	Securities Premium Reserve	Other Reserves (Specify nature)								
Balance at the beginning of the reporting period 2017	-	-	72,50,000	6,00,00,000	72,22,892	10,84,36,218	-	-	-	-	-	-	18,29,09,110
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive	-	-	-	-	-	-	-	-	-	-	-	-	-
Income for the year	-	-	-	-	-	83,57,665	-	-	-	-	-	-	83,57,665
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
Any Other Change (Depreciation)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period 2018	-	-	72,50,000	6,00,00,000	72,22,892	11,67,93,883	-	-	-	-	-	-	19,12,66,775
Balance at the beginning of the reporting period 2018	-	-	72,50,000	6,00,00,000	72,22,892	11,67,93,883	-	-	-	-	-	-	19,12,66,775
Changes in accounting policy or prior period errors	-	-	-	-	-		-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-		-	-	-	-	-	-	-
Total Comprehensive	-	-	-	-	-		-	-	-	-	-	-	-
Income for the year	-	-	-	-	-	2,03,82,404	-	-	-	-	-	-	2,03,82,404
Dividends	-	-	-	-	-		-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-		-	-	-	-	-	-	-
Investment Subsidy	-	-	-	-	-		-	-	-	-	-	-	-
Any Other Change (Depreciation)	-	-	-	-	-		-	-	-	-	-	-	-
Balance at the end of the reporting period 2019	-	-	72,50,000	6,00,00,000	72,22,892	13,71,76,287	-	-	-	-	-	-	21,16,49,179
Balance at the beginning of the reporting period 2019	-	-	72,50,000	6,00,00,000	72,22,892	13,71,76,287	-	-	-	-	-	-	21,16,49,179
Changes in accounting policy or prior period errors	-	-	-	-	-		-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-		-	-	-	-	-	-	-
Total Comprehensive	-	-	-	-	-		-	-	-	-	-	-	-
Income for the year	-	-	-	-	-	1,85,63,339	-	-	-	-	-	-	1,85,63,339
Dividends	-	-	-	-	-		-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-		-	-	-	-	-	-	-
Investment Subsidy	-	-	-	-	-		-	-	-	-	-	-	-
Any Other Change (Depreciation)	-	-	-	-	-		-	-	-	-	-	-	-
Balance at the end of the reporting period 2020	-	-	72,50,000	6,00,00,000	72,22,892	15,57,39,626	-	-	-	-	-	-	23,02,12,518
Balance at the beginning of the reporting period 2020	-	-	72,50,000	6,00,00,000	72,22,892	15,57,39,626	-	-	-	-	-	-	23,02,12,518
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive	-	-	-	-	-	-	-	-	-	-	-	-	-
Income for the year	-	-	-	-	-	4,03,81,509	-	-	-	-	-	-	4,03,81,509
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
Any Other Change (Depreciation)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period 2021	-	-	72,50,000	6,00,00,000	72,22,892	19,61,21,135	-	-	-	-	-	-	27,05,94,027
Balance at the beginning of the reporting period 2021	-	-	72,50,000	6,00,00,000	72,22,892	19,61,21,135	-	-	-	-	-	-	27,05,94,027
Changes in accounting policy or prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Restated balance at the beginning of the reporting period	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive	-	-	-	-	-	-	-	-	-	-	-	-	-
Income for the year	-	-	-	-	-	4,10,54,523	-	-	-	-	-	-	4,10,54,523
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment Subsidy	-	-	-	-	-	-	-	-	-	-	-	-	-
Any Other Change (Depreciation)	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at the end of the reporting period 2022	-	-	72,50,000	6,00,00,000	72,22,892	23,71,75,658	-	-	-	-	-	-	31,16,48,550

Note 1 & 2

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND OTHER EXPLANATORY INFORMATION FOR THE YEAR ENDED MARCH 31, 2022

1. Company Background

Gennex Laboratories Limited ("the Company") is a public limited company domiciled and incorporated in India in accordance with the provisions of the Companies Act, 1956. The registered office of the Company is located at Sy.No.133, IDA Bollaram, Jinnaram Mandal, Sangareddy District – 502 325, Telangana. The equity shares of the Company are listed on the Bombay Stock Exchange.

The Company is engaged in the business of manufacturing of Bulk Drugs and Intermediaries. The Company has manufacturing facilities in India which caters to both domestic and international markets.

These Consolidated financial statements for the year ended March 31, 2022 were authorized and approved for issue by the Board of Directors on May 30, 2022.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of the Consolidated Financial Statements. These polices have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of Preparation

(i) Compliance with Ind AS

The Consolidated Financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The Consolidated financial statements have been prepared on going concern basis under the historical cost except for the following:

- Certain Financial assets and liabilities which are measured at fair value.
- Defined benefit plans – plan assets measured at fair value; and
- Contingent Consideration

(iii) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is classified as current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or

- Cash and cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is classified as current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non- current.

Deferred tax assets and liabilities are classified as non-current.

(iv) Rounding of amounts

All amounts disclosed in the Consolidated Financial Statements and notes have been rounded off to the nearest rupees as per the requirement of Schedule III, unless otherwise stated.

2.2 Properties, plant and equipment (PPE) Recognition and initial measurements

Property, plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its Working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in consolidated statement of profit or loss as incurred.

Depreciation method, estimated useful lives and residual values

The classification of Plant and equipment into continuous and non-continuous process is done as per technical certification and depreciation thereon is provided accordingly.

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II of the Companies Act, 2013.

Cost of the leasehold land is amortized on a straight-line basis over the term of the lease.

The residual values, useful lives and method of depreciation of are reviewed at each financial year end and adjusted prospectively, if appropriate.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-Recognition of the asset (calculated as the Difference between the net disposal proceeds and the carrying amount of the asset) is included in the other income/other expenses when the asset is derecognized.

2.3 Intangible Assets

Recognition and initial measurement

Intangible assets (including software) are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Amortisation method and period

Computer software is amortised on a pro-rata basis using the straight-line method over its estimated useful life of 3 years from the date they are available for use. Amortisation method and useful lives are reviewed periodically including at each financial year end. Investment Properties.

2.4 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or group or assets (cash-generating units). The Company's corporate assets (eg. Central office building for providing support to various CGUs) do not generate independent cash flows. To determinate impairment of corporate assets, recoverable amount is determined for the CGUs to which the corporate assets belongs.

2.5 Inventories

- Stores & Spares are valued at cost or at net realizable value, whichever is lower. Cost is arrived at Weighted Average Basis.
- Raw Material, Semi-Finished Goods, Finished Goods are valued at Cost or Market Value whichever is lower. Cost is arrived at FIFO method.
- Obsolescence and Damaged materials are valued at Realizable Value.

2.6 Operating Leases

As a lessee

Leases of property, plant and equipment where the Company, as a lessee, has substantial risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fire value of the leased asset or, if lower, the present value of the minimum lease payments. The corresponding lease rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability of each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are clarified as operating leases. Payments made under operating leases are charges to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a Lessor

Lease income from operating leases where the Company is a lessor is recognized in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary costs increases. The respective leased assets are included in the Balance Sheet based on their nature.

2.7 Investment and other financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets'

cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Other income'.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss is recognised in profit or loss and presented net in the Consolidated Statement of Profit and Loss within 'Other income' in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'Other income' in the Consolidated Statement of Profit and Loss.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109,'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(iv) De-recognition of financial assets

A financial asset is derecognised only when

- the Company has transferred the rights to receive cash flows from the financial asset or
- Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

(vi)Fair value of financial instruments

In determining the fair value of financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis and available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may never actually be realised.

2.8 **Derivative instruments**

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Derivative instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period, with changes included in ‘Other income’/’Other expenses’.

2.9 **Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.10 **Trade Receivables**

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.11 **Cash and Cash equivalents**

For the purpose of presentation in the Cash Flow Statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 **Trade payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.13 **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the Balance Sheet when the obligation specified in the contract is discharged, cancelled or expired.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.14 **Non-current assets (or disposal groups) held for sale**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Balance Sheet.

2.15 **Revenue Recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

2.16 **Government Grants**

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

2.17 **Borrowing costs**

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the period in which they are incurred.

2.18 **Foreign currency transactions and translation**

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (‘the functional currency’). The Consolidated financial statements are presented in Indian Rupee (Rupees or ₹), which is the Company’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The exchange differences arising from settlement of foreign currency transactions and from the year-end restatement are recognised in profit and loss.

Foreign exchange differences regarded as an adjustment to borrowing costs, if any, are presented in the Consolidated Statement of Profit and Loss, within ‘Finance costs’. All other foreign exchange gains and losses are presented in the Consolidated Statement of Profit and Loss on a net basis within ‘Other income’/’other expenses’.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.19 **Employee benefits**

(i) Short-term employee benefits

Liabilities for short-term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Post-employment benefits Defined benefit plans

The liability or asset recognised in the Balance Sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

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 benefits expense' in the Consolidated Statement of Profit and Loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. These are included in retained earnings in the Statement of Changes in Equity.

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognised in the balance sheet for Defined Benefit Plans as the present value of the Defined Benefit Obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of Independent actuaries. Actuarial gains and losses resulting from re-measurements of the liability are included in other comprehensive income.

During the Year the Company has not renewed the group gratuity scheme policy held with The Life Insurance Corporation of India (LIC). Therefore, gratuity valuation has been done through Independent agency as per Ind-AS19 (Employee Benefits). As per the valuation made by the Independent Agency the present value of accrued gratuity comes to Rs 29,22,601/- on estimates of discounts @ 7.12% and escalation on salaries @ 5% which has taken in Notes to accounts.

Defined contribution plans

Contributions under defined contribution plans payable in keeping with the related schemes are recognised as expenses for the period in which the employee has rendered the service.

(iii) Other long-term employee benefits

The liabilities for earned leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured annually by actuaries as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented under 'Employee benefit obligations' (current) in the Balance Sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

2.20 **Income Taxes**

Tax expense recognized in consolidated statement of profit or loss comprises the sum of deferred tax and current tax except the ones recognized in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted for the reporting period. Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly inequity.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognized outside profit or loss (either in other comprehensive income or inequity).

Deferred income tax expense is calculated based on the differences between the carrying value of assets and liabilities for financial reporting purposes and their respective tax bases that are considered temporary in nature. Valuation of deferred tax assets is dependent on management's assessment of future recoverability of the deferred benefit. Expected recoverability may result from expected taxable income in the future, planned transactions or planned optimizing measures. Economic conditions may change and lead to a different conclusion regarding recoverability.

2.21 **Provision and Contingencies**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for contingent liabilities is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources embodying economic benefits will be required to settle or a reliable estimate of the amount cannot be made.

2.22 **Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.23 **Earnings per share**

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

2.24 **Segment Reporting**

The Company is engaged in manufacture of Bulk Drugs & Intermediates which in the context of Accounting Standard – 17 issued by the Institute of Chartered Accountants of India is considered as a single segment– Ref. Note 31D.

2.25 **Critical estimates and judgments**

The preparation of Consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these Consolidated financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed at each Balance Sheet date. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the consolidated financial statements.

The areas involving critical estimates or judgements are:

- **Employee benefits (estimation of defined benefit obligation)**

Post-employment benefits represent obligations that will be settled in the future and require assumptions to project benefit obligations. Post-employment benefit accounting is intended to reflect the recognition of future benefit costs over the employee's approximate service period, based on the terms of the plans and the investment and funding decisions made. The accounting requires the Company to make assumptions regarding variables such as discount rate and salary growth rate. Changes in these key assumptions can have a significant impact on the defined benefit obligations.

- **Impairment of trade receivables**

The risk of uncollectibility of trade receivables is primarily estimated based on prior experience with, and the past due status of, doubtful debtors, based on factors that include ability to pay, bankruptcy and payment history. The assumptions and estimates applied for determining the provision for impairment are reviewed periodically.

- **Estimation of expected useful lives of property, plant and equipment**

Management reviews its estimate of the useful lives of property, plant and equipment at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of property, plant and equipment.

GENNEX LABORATORIES LIMITED
Note 3: Property, plant and equipment

Particulars	Land	Factory buildings	Plant and equipments (d)	Furniture and fixtures	Vehicles	Capital Work in Progress	Total
Gross carrying amount							
Cost/deemed cost as at 1st April 2017	8,41,81,540	1,69,78,278	13,77,42,636	2,74,75,057	1,35,72,142	23,19,990	28,22,69,643
Additions	-	32,83,977	57,59,878	8,96,502	-	-	99,40,357
Disposals / deductions	-	-	6,24,000	-	-	23,19,990	29,43,990
Transfer to assets classified as held for sale	-	-	-	-	-		-
As at 31st March 2018	8,41,81,540	2,02,62,255	14,28,78,514	2,83,71,559	1,35,72,142	-	28,92,66,010
Additions	-	-	89,07,690	15,07,609	-	-	1,04,15,299
Disposals / deductions	-	-	-	-	-	-	-
Transfer to assets classified as held for sale	-	-	-	-	-	-	-
As at 31st March 2019	8,41,81,540	2,02,62,254	15,17,86,204	2,98,79,169	1,35,72,142	-	29,96,81,309
Additions	-	-	27,40,000	2,05,344	-	-	29,45,344
Disposals / deductions	-	-	-	-	-	-	-
Transfer to assets classified as held for sale	-	-	-	-	-	-	-
As at 31st March 2020	8,41,81,540	2,02,62,254	15,45,26,204	3,00,84,513	1,35,72,142	-	30,26,26,653
Additions	-	-	5,59,000	1,89,733	39,017	-	7,87,750
Disposals / deductions	-	-	-	-	-	-	-
Transfer to assets classified as held for sale	-	-	-	-	-	-	-
As at 31st March 2021	8,41,81,540	2,02,62,254	15,50,85,204	3,02,74,246	1,36,11,159	-	30,34,14,404
Additions	-	-	12,79,892	6,19,933	19,96,884	-	38,96,709
Disposals / deductions	-	-	-	-	11,68,448	-	11,68,448
Transfer to assets classified as held for sale	-	-	-	-	-	-	-
As at 31st March 2022	**8,41,81,540**	**2,02,62,254**	**15,63,65,096**	**3,08,94,179**	**1,44,39,595**	**-**	**30,61,42,665**
Accumulated depreciation							
As at 1st April 2017	-	93,86,325	8,78,70,485	2,09,21,444	66,79,998	-	12,48,58,252
Charge for the year	-	5,49,740	55,08,986	18,04,988	13,54,735	-	92,18,449
Disposals / deductions	-	-	6,24,000	-	-	-	6,24,000
As at 31st March 2018	-	99,36,065	9,27,55,471	2,27,26,432	80,34,733	-	13,34,52,701
Charge for the year	-	6,01,427	59,57,115	19,50,759	13,38,115	-	98,47,416
Disposals / deductions	-	-	-	-	-	-	-
As at 31st March 2019	-	1,05,37,493	9,87,12,586	2,46,77,193	93,72,846	-	14,33,00,117
Charge for the year	-	6,01,427	62,18,195	19,06,491	13,23,598	-	1,00,49,711
Disposals / deductions	-	-	-	-	-	-	-
As at 31st March 2020	-	1,11,38,920	10,49,30,781	2,65,83,683	1,06,96,444	-	15,33,49,828
Charge for the year	-	6,01,427	59,79,337	11,82,425	10,44,189	-	88,07,377
Disposals / deductions	-	-	-	-	-	-	-
As at 31st March 2021	-	1,17,40,347	11,09,10,118	2,77,66,108	1,17,40,633	-	16,21,57,205
Charge for the year	-	6,01,427	52,95,214	9,33,794	10,54,181	-	78,84,616
Disposals / deductions	-	-	-	-	8,81,539	-	8,81,539
As at 31st March 2022	**-**	**1,23,41,774**	**11,62,05,332**	**2,86,99,902**	**1,19,13,275**	**-**	**16,91,60,282**
Net carrying amount							
As at 31st March 2021	**8,41,81,540**	**85,21,908**	**4,41,75,086**	**25,08,138**	**18,70,526**	**-**	**14,12,57,198**
As at 31st March 2022	**8,41,81,540**	**79,20,481**	**4,01,59,764**	**21,94,277**	**25,26,320**	**-**	**13,69,82,383**

GENNEX LABORATORIES LIMITED

Note

4 **FINANCIAL ASSETS**

Particulars	As at 31.03.2022	As at 31.03.2021
Unquoted		
a. Investment in Associates		
5500000 Equity Shares of Rs.10/- each fully paid up		
in Deccan Remedies Limited(44.27% holding in Deccan remedies)	7,00,00,000	7,00,00,000
b. Other Investments		
1000 Equity Shares of Rs.100/- each fully paid up		
in Progressive Effluent Treatment Limited	1,00,000	1,00,000
Profit/ (Loss from Associate (Deccan Remedies Limited)	(18,25,124)	(18,25,124)
Total	**6,82,74,876**	**6,82,74,876**

5 **Other Non Current Assets**

Particulars	As at 31.03.2022	As at 31.03.2021
Security Deposit	31,91,115	27,96,887
Total	**31,91,115**	**27,96,887**

6 **Inventories (As valued and certified by Management)**
Valued at lower of Cost and net realisable value

Particulars	As at 31.03.2022	As at 31.03.2021
Stores & Spares	27,21,533	8,88,692
Packing Material	5,44,501	11,18,549
Coal & Diesel	2,28,109	1,81,500
Raw Materials	1,95,65,364	1,27,60,100
Finished Goods	1,14,81,113	1,06,62,025
Work-in-process	4,28,26,615	2,45,73,996
Total	**7,73,67,235**	**5,01,84,862**

GENNEX LABORATORIES LIMITED

Note

7 **Trade Receivables**

Particulars	**As at 31.03.2022**	**As at 31.03.2021**
Trade Receivables	11,31,34,668	8,94,64,597
Receivables from Related Parties	-	-
Less: Loss Allowance	-	-
Total Receivables	11,31,34,668	8,94,64,597
Current Portion	10,74,64,881	7,65,73,729
Non-current Portion	56,69,788	1,28,90,868
Break-up of security details		
Trade Receivables considered good - secured		-
Trade Receivables considered good - unsecured	11,31,34,668	8,94,64,597
Trade Receivables - which have significant increase in credit risk		-
Trade Receivables - credit impaired		-
Total	**11,31,34,668**	**8,94,64,597**

Particualrs	Outstanding for following period from due date of payment					
	Less than 6 months	6 months - 1 year	1 - 2 years	2 -3 years	More than 3 years	Total
i) Undisputed Trad receivables - considered goods	9,81,19,154	46,99,147	1,05,766	44,40,006	57,70,595	11,31,34,668
ii) Undisputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
iii) Undisputed Trade Receivables - Credit impaired	-	-	-	-	-	-
iv) Disputed Trad receivables - considered goods	-	-	-	-	-	-
iv) Disputed Trade receivables - which have significant increase in credit risk	-	-	-	-	-	-
iv) Dipusted Trade Receivables - Credit impaired	-	-	-	-	-	-

8 **Cash and Cash Equivalents**

Particulars	**As at 31.03.2022**	**As at 31.03.2021**
(a) Cash on hand	32,11,925	18,61,280
(b) Balances with Banks		
(i) In Current Accounts	7,16,97,007	84,039
(ii) In Deposit Accounts - (Margin Money against LCS/BG)	82,20,500	87,46,159
(iii) Cheques in hand	-	-
Total	**8,31,29,432**	**1,06,91,478**

9 **OTHER FINANCIAL ASSETS - SHORT TERM LOANS & ADVANCES**

Particulars (Unsecured, considered good, recoverable in cash or in kind for value to be received	As at 31.03.2022	As at 31.03.2021
(a) Loans and advances to related parties	-	-
Unsecured, considered good		
(b) Loans and advances to employees	2,13,36,282	3,00,22,676
Unsecured, considered good		
(c) Advances to Contractors, Suppliers	77,04,447	47,80,713
Unsecured, considered good		
(d) Advances recoverable cash or in kind	16,00,73,871	17,98,76,785
Total	**18,91,14,600**	**21,46,80,174**

10 **OTHER CURRENT ASSETS**

Particulars	As at 31.03.2022	As at 31.03.2021
Prepaid Expenses		
(e) Prepaid Expenses	9,81,784	13,40,892
Unsecured, considered good		
(f) Balances with Government Authorities		
Unsecured, considered good		
(i) GST credit receivable	30,90,513	49,00,823
(ii) Balances with Central Excise Deptt	24,833	24,833
(iii) Meis claim receivable	47,20,483	47,20,483
Accrued Interest	2,53,250	6,81,843
Total	**90,70,863**	**1,16,68,874**

Note	Particulars	As at 31.03.2022	As at 31.03.2021
11	**SHARE CAPITAL**		
	AUTHORISED CAPITAL		
	Equity Shares		
	200,000,000 Equity Shares of Rs.1/- each		
	(Previous Year 160,000,000 Equity Shares of Rs.1/- each)	20,00,00,000	16,00,00,000
11.1	**ISSUED SHARES**		
	Equity Shares		
	126,503,000 Equity Shares of Rs. 1/- each		
	(Previous Year 126,503,000 Equity Shares of Rs. 1/- each)	12,65,03,000	12,65,03,000
	Total	**12,65,03,000**	**12,65,03,000**
11.2	**SUBSCRIBED And PAID UP Shares**		
	Equity Shares		
	126,503,000 Equity Shares of Rs. 1/- each		
	(Previous Year 126,503,000 Equity Shares of Rs. 1/- each)	12,65,03,000	12,65,03,000
	Forfeited Shares (amount originally paid up)	-	-
	Total subscribed and paid up share capital	**12,65,03,000**	**12,65,03,000**

11.2.1 (a) The reconciliation of the no of shares outstanding at the beginning and at the end of the year:

At the beginning of the year	12,65,03,000	12,65,03,000
Oustanding at the end of the year	12,65,03,000	12,65,03,000

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a part value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed if any by the Board of Directors is subject to the approval of the shareholders in the ensuring Annual General Meeting except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive 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.

11.2.2 The details of share holders holding more than 5% shares:

Particulars	No of Shares	% of holding	No of Shares	% of holding
Premier Fiscal Services (P) Ltd	2,50,00,000	19.76%	2,50,00,000	19.76%
VAB Ventures Limited	22,54,780	1.78%	22,54,780	1.78%
India Securities Brooking Private Limited	40,256	0.03%	40,256	0.03%
Pudential Investment Limited	39,820	0.03%	39,820	0.03%
VAB Capital Advisors Private Limited	1,000	0.00%	1,000	0.00%
Subhash Chand Bhura	5,10,300	0.40%	5,10,300	0.40%
Vinod Kumar Baid	48,000	0.04%	48,000	0.04%
Arihant Baid	100	0.00%	100	0.00%
T M Gopalkrishnan	100	0.00%	100	0.00%

12 OTHER EQUITY

	As at 31.03.2022	As at 31.03.2021
Share Premium	6,00,00,000	6,00,00,000
Investment Subsidy	20,00,000	20,00,000
General Reserve	72,22,892	72,22,892
Capital Reserve (Forfeit of warrant)	72,50,000	72,50,000
Retained Profit on Property, plant and equipmen (net of deferred tax)	(14,07,367)	(14,07,367)
Balance in Profit & Loss		
Balance at the beginning of the year	19,73,53,626	15,69,72,117
Add: Profit for the year	4,10,54,522	4,03,81,509
Balance at the Closing of the year	23,84,08,149	19,73,53,626
Profit/ (Loss from Associate (Deccan Remedies Limited)	(18,25,124)	(18,25,124)
TOTAL	31,16,48,550	27,05,94,027

	Particulars	As at 31.03.2022	As at 31.03.2021
13	**OTHER FINANCIAL LIABILITIES**		
	Unsecured Sales Tax Deferrment (Govt.)	-	1,54,902
	Total	**-**	**1,54,902**

13.1 Sales Tax deferment availed till the current account period is due for repayment after 12 months from Balance Sheet as under:

Year of Repayment	Rs.	Rs.
2021-22	-	1,54,902
Total	-	1,54,902

14 Deferred Tax (Liability)/Assets

Particulars	As at 31.03.2022	As at 31.03.2021
a) Difference between Book & Tax Depreciation (Liability)	51,09,500	57,91,712
b) Others	(50,77,071)	(42,62,065)
Total	**32,429**	**15,29,647**
Net Deferred Tax Liability/(Assets)	**32,429**	**15,29,647**

Note

15 **CURRENT BORROWINGS**

Particulars	As at 31.03.2022	As at 31.03.2021
a) **Secured**		
From Banks - Secured		
AXIS Bank LTD - IUBD A/C	-	-
Axis Bank C/C	8,48,30,624	2,06,57,548
(The due to Axis Bank Limited - Secured by means of Hypothecation of Stocks of Raw Material, Semi Finished & Finished Goods, Stores & Spare parts and Book-debts and First Charge on the Fixed Assets of the Company and personal guarantee of One Director)		
AXIS Bank - COVID Loan A/C.	1,50,18,000	90,70,705
AXIS Bank PCFE A/C NO 920080057980853	-	4,38,90,932
YES Bank	13,88,632	-
Total	**10,12,37,256**	**7,36,19,185**

16 **Trade Payables**

Particulars	As at 31.03.2022	As at 31.03.2021
Trade Payable	7,74,05,387	5,94,46,991

Particualrs	Outstanding for following period from due date of payment				
	Less than 1 year	1 - 2 years	2 -3 years	More than 3 years	Total
i) MSME	1,91,15,271	7,83,285	5,934	592	1,99,05,082
ii) Others	5,02,95,684	33,19,419	17,59,549	21,25,652	5,75,00,305
iii) Disputed dues - MSME	-	-	-	-	-
iv) Dipusted dues - Others	-	-	-	-	-

	As at 31.03.2022	As at 31.03.2021
Total	**7,74,05,387**	**5,94,46,991**

16.1 Dues to Micro, Small and Medium enterprises has been determined to be Rs. 19905082/- (Previous Year Rs 12329147/-) to the extent such parties have been identified on the basis of information available with the company.

16.2 Trade payables are non-interest bearing and normally settled within 90 days term.

17 **Other Current Liabilities**

Particulars	As at 31.03.2022	As at 31.03.2021
Creditors for Capital Goods	1,29,800	-
Advances from Customers	15,79,445	37,28,565
Other Liabilities	3,46,04,941	2,91,71,980
Total	**3,63,14,186**	**3,29,00,545**

17.1 Other liabilities consist of PF, ESI, SERVICE TAX, TDS, GST and TCS payable etc

18 **PROVISIONS**

Particulars	As at 31.03.2022	As at 31.03.2021
Provision for leave encashment	63,18,394	55,62,227
Total	63,18,394	55,62,227

19 **CURRENT TAX LIABILITIES**

Particulars	As at 31.03.2022	As at 31.03.2021
Current Tax Liabilities (Net)	2,08,05,969	1,87,08,422
Total	**2,08,05,969**	**1,87,08,422**

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20 REVENUE FROM OPERATION

Particulars	As at 31.03.2022	As at 31.03.2021
Sale of Products	65,22,81,868	63,62,72,839
Other Operating Revenues	3,46,350	2,28,451
	65,26,28,218	**63,65,01,290**
Less: Gst	4,04,90,487	4,00,11,317
Net Revenue from Operation	**61,21,37,731**	**59,64,89,973**

21 OTHER INCOME

Particulars	As at 31.03.2022	As at 31.03.2021
Interest Income(TDS Rs. 42880/- Previous Year Rs. 43186/-)	90,02,282	5,38,160
Sundry Balances Written Off/Back	-	731
Profit on Sale of Fixed Assets	34,520	-
Exchange Rate Fluctuation	37,93,055	39,23,411
Duty Draw back	9,84,053	7,82,079
Total	**1,38,13,910**	**52,44,381**

22 COST OF RAW MATERIAL CONSUMED

Particulars	As at 31.03.2022	As at 31.03.2021
Opening Stock of Raw material	1,27,60,100	2,08,65,655
Add: Purchases during the year	40,69,08,915	33,37,93,709
Total	**41,96,69,015**	**35,46,59,364**
Less: Closing Stock of Raw material	1,95,65,364	1,27,60,100
Cost of Raw Material Consumed	**40,01,03,651**	**34,18,99,264**

23 CHANGE IN INVETORIES OF FINISHED GOODS, STOCK IN TRADE & WORK IN PROGRESS

Particulars	As at 31.03.2022	As at 31.03.2021
Opening Stocks		
Work in Progress	2,45,73,996	1,90,25,930
Finished Goods	1,06,62,025	3,15,09,540
Total	**3,52,36,021**	**5,05,35,470**
Closing Stocks		
Work in Progress	4,28,26,615	2,45,73,996
Finished Goods	1,14,81,113	1,06,62,025
Total	**5,43,07,728**	**3,52,36,021**
Changes in Stock	**(1,90,71,707)**	**1,52,99,449**

24 EMPLOYEE BENEFITS EXPENSE

Particulars	As at 31.03.2022	As at 31.03.2021
Salaries, Wages and bonus	5,93,30,082	6,10,22,354
Contributions to Provident and other funds	36,76,332	50,53,343
Gratuity	29,22,601	22,29,479
Staff Welfare expenses	37,57,049	37,74,206
Total	**6,96,86,064**	**7,20,79,382**

25 FINANCE COST

Particulars	As at 31.03.2022	As at 31.03.2021
Interest and Finance Charges	**87,74,392**	**74,35,091**
Total	**87,74,392**	**74,35,091**

26 OTHER EXPENSES

Particulars	As at 31.03.2022	As at 31.03.2021
Pollution control expenses	1,08,20,280	97,78,905
Consultancy & Legal Expenses	16,11,427	12,18,802
Rent & Facilities	37,96,314	22,82,476
Electricity Charges	7,10,410	6,24,304
Security Charges	12,56,179	11,90,869
Printing & Stationery	4,66,374	4,63,558
Communication Expenses	7,24,361	7,84,000
Insurance	10,67,746	8,38,413
Travelling & Conveyance Exp.	27,06,575	29,04,905
Selling Expenses	55,60,625	83,29,174
Carriage Outwards	1,57,76,167	1,56,91,712
Auditors' Remuneration:		
i. Audit Fees	2,00,000	2,00,000
ii. Tax Audit Fees	35,000	35,000
iii. Certification & Others	2,41,500	2,38,000
Vehicle Maintenance	8,49,690	2,16,870
Sales Tax	-	-
Exchange Rate Fluctuation	-	4,87,580
Miscellaneous Expenses	57,32,374	56,23,606
Sundry Balances Written Off (Net)	49,04,908	-
Stores, Spares & Others	45,18,807	73,19,678
Packing Material	1,22,37,954	98,64,566
Power & Fuels	3,09,57,344	2,94,75,144
Repairs & Maintenance – Buildings	3,25,472	5,24,421
Repairs & Maintenance - Plant & Machinery	16,96,328	10,39,327
Repairs & Maintenance - Others	2,51,241	3,14,911
Job Work Charges	11,92,444	24,32,523
Total	**10,76,39,518**	**10,18,78,744**

27 EXCEPTIONAL ITEMS

Particulars	As at 31.03.2022	As at 31.03.2021
Sundry balances adjusted	-	37,13,269

28 EARNING PER SHARE

Particulars	As at 31.03.2022	As at 31.03.2021
Net Profit the basic EPS	4,10,54,522	4,03,81,509
Weighted Average No.of Shares	12,65,03,000	12,65,03,000
Annualized Basic Earning per share (Basic and Diluted)	0.325	0.319

29 **Contingent Liability**

S.No	Particulars	As at 31.03.2022	As at 31.03.2021
i)	Income-tax where appeals/Petitions are pending with Various Authorities	*59.14	*59.14
ii)	Sales Tax where Appeal is pending	*14.57	*111.04

*Company is hopeful of complete relief,hence no provision is made.

Sl No	Nature of Statute	Nature of Dues	Amount Rs. In Lacs	Period to which the amount relates to	Forum where the dispute is pending
1	CST	Sales Tax	14.57	2007-08	Appellate DC (CT)
	Total		14.57		
2	Income Tax	Income Tax	8.22	2001-02	Appellate Authority
		Income Tax	37.36	2002-03	Appellate Authority
		Income Tax	3.81	2015-16	Appellate Authority
		Income Tax	9.75	2019-20	Appellate Authority
	Total		59.14		

#'Based on the experiences,the management is of the opinion that the above cases would be in favour of the company.

#'However in case of loss then there could be significant impact on the financial statement of the company.

30 Additional informatio pursuant to paragraphs 5 (viii) of part II of Schedule VI to the Companies Act,1956 are as follows:

S.No	Particulars	As at 31.03.2022	As at 31.03.2021
A.	**C.I.F. value of imports by the Company (Excluding imported items purchased locally)**		
	Raw Materials	7,86,14,996	2,42,29,692
	Fixed Assets	-	-
B.	**Expenditure in foreign currency during the year:**		
	a) Foreign Travel Expenses	-	-
	b) Sales Commission	29,75,815	39,94,772
	c) Bank Charges	3,00,327	3,52,851
	d) Business Promotion Charges	-	1,12,073
C.	**Details of consumption of imported and indigenous items**		

S.No	Particulars	As at 31.03.2022		As at 31.03.2021	
		Rs.	**%**	**Rs.**	**%**
	Imported				
	Raw Material	8,26,53,580	**21%**	3,07,46,572	**9%**
	Indigenous				
	Raw material	31,74,50,071	**79%**	31,11,52,692	**91%**
	Stores, Spares Parts & Components	45,18,807	**100%**	73,19,678	**100%**
	Total	**40,46,22,458**		**34,92,18,942**	

D. Segment Details

The Company is engaged in manufacture of Bulk Drugs & Intermediates which in the context of Accounting Standard- 17 issued by the Institute of Chartered Accountants of India is considered as a single segment.

The geographic segments individually contributing 10 percent or more of the Company's revenues and segment assets are shown separately:

Rs. In Lacs

S.No	Geographic Segment	Revenues For the year ended 31.03.2022	Segment assets As at 31.03.2022	Revenues For the year ended 31.03.2021	Segment assets As at 31.03.2021
1	ALGERIA	-	-	2.46	-
2	ARGENTINA	-	-	3.69	-
3	BANGLADESH	54.63	5.31	47.28	-
4	BOLIVIA	0	-	4.96	-
5	COLOMBIA	94.80	-	169.76	7.02
6	ECUADOR	0.00	-	50.88	-
7	EGYPT	732.19	237.96	684.79	92.47
8	EL SALVADOR	-	-	70.49	-
9	GERMANY	129.98	9.32	97.70	-
10	GUATEMALA	156.34	79.90	102.66	-
11	IRAN	60.5	22.20	156.41	22.20
12	ISRAEL	-	-	1.37	-
13	JORDAN	-	-	15.67	-
14	MEXICO	-	-	268.55	-
15	NICARAGUA	-	-	4.41	-
16	KENYA	2.03	-	-	-
17	PANAMA CITY	-	-	3.81	-
18	PERU	187.81	-	246.33	37.82
19	NETHERLAND	3.26	-	-	-
20	BELGIUM	6.82	-	-	-
21	SAUDI ARABIA	25.95	4.61	15.68	-
22	SINGAPORE	22.56	22.74213	-	-
23	SPAIN	1,098.93	139.40	2.00	-
24	SWITZERLAND	320.21	-	-	-
25	CANADA	7.26	-	-	-
26	URUGUAY	5.36	-	-	-
27	VIETNAM	444.06	78.38	458.52	-
28	YEMAN	-	-	10.22	-
29	ISTANBUL	3.47	-	-	-
30	INDIA	2,765.22	531.53	3,547.26	735.14
	TOTAL	**6,121.38**	**1,131.35**	**5,964.90**	**894.65**

	Particulars	As at 31.03.2022	As at 31.03.2021
E.	**Earning in Foreign Currency on F.O.B. basis**		
	Export of Goods	32,14,17,869	22,93,34,868

Name of related parties and related party relationship:

Related parties with whom transations have taken place during the year

Enterprise having significant influence on the Company

Key Management Personnel/Directors

Mr Arihant Baid (Managing Director)
Mr T M Gopalakrishnan (Whole Time Director)
Mr Y Ravinder Reddy (Independent Director)
Ms. Sadhana Bhansali (Independent/Woman Director)
Mr Vinod Choraria (Independent Director)
Mr L.P.Baid (Chief Financial Officer)
Mr Rajesh Vankodara (Company Secretary)

Relative of Key Management Personnel/Directors

Mr Vinod Baid

Enterpriss owned or significantly influenced by Key Management Personnel/Directors or their relatives

(Deccan Remedies Limited)

Relative of Key Management Personnel/Directors

Mr T M Gopalakrishnan (Director)

31.1 Remuneration of Key Personnel/Directors

S.No	Name & Relationship	Nature of Transaction Year ended	Period	Amount (Rs.)
1	Mr. Arihant Baid	Remuneration	31.03.2022	30,28,800
	Managing Director	Remuneration	31.03.2021	30,28,800
2	Mr T.M. Gopalakrishnan	Remuneration	31.03.2022	24,69,974
	Whole-Time Director	Remuneration	31.03.2021	25,38,194
3	Mr L.P.Baid	Remuneration	31.03.2022	16,96,200
	Chief Financial Officer	Remuneration	31.03.2021	15,80,750
4	Mr Vankadara Rajesh	Remuneration	31.03.2022	9,89,400
	Company Secretary	Remuneration	31.03.2021	8,39,403

32 Employees Benefits:

32.1 Company has not renewed the Group Gratuity Scheme with LIC last year.

Therefore,gratuity valuation has been done through Independent agency as per Ind As 19.As per the valuation made by the Independent Agency the present of accrued gratuty comes to Rs 2922601/- (Previes Year Rs 2229479/-) on estimates of discounts @ 7.12% (6.68%) and escalation on salaries @ 5 % (5%) .

32.2 Defined Contribution Plan:

Contribution to defined contribution plan, recognized as expenses for the year are as under:

Employer's Contribution to Provident/Pension Fund - Rs. 21,08,735/-

The Company contributes applicable rates of salary of all eligible employees towards Provident Fund managed by the Central Government.

Leave Encashment: -

The Company has provided a sum of Rs. 13,77,245/- towards Leave encashment based on actuarial valuation.

33 Balance in Advances, Deposits, Unsecured loans, other Liabilities, Trade Receivables, Trade Payables and advances against suppliers are subject to confirmation by respective parties.

34 Fixed Assets includes land for which Registration formalities are yet to be completed.

35 The Company's Lease Agreement in respect of Building at Srinagar Colony. The Lease Rentals payable are charged as "Lease Rental Charges" under "Other Expenses" in Note No - 25. This leasing arrangement is for longer period and renewable by mutual consent on mutually agreeable terms. Future lease rental payable are as under:

Particulars	As at 31.03.2022*	As at 31.03.2021
Payable:		
Not later than one year	24.53	21.26
Later than one year but not later than 3 years.	3.27	22.90
Later than 3 years.	0.00	0.00

*** The above figures are given without discounting at present value**

36 Investment includes Rs.70,000,000 in Shares of Deccan Remedies Limited for the Company's expansion plans.

37 There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

38 In accordance with the Accounting Standards (AS-28) on "Impairment of Assets" the management during the year carried out exercise of identifying the assets that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the management there was no impairment loss on the fixed assets during the year ended 31st March, 2022.

39 Investment Subsidy received from Andhra Pradesh Government is shown under Other Equity.

As per our report of even date attached

For and on behalf of the Board

For PPKG & CO
Chartered Accountants
Firm Registration No: 009655S

Arihant Baid
Managing Director

TM Gopalakrishanan
Whole-time Director

Giridhari Lal Toshniwal
Partner
M.No. 205140
UDIN: 2205140AJXVVE6552

Laxmipat Baid
Chief Financial Officer

Rajesh Vankadara
Company Secretary

Place: Hyderabad
Date: May 30, 2022

40 INCOME TAX

Rs. In Lacs

Particulars	As at 31.03.2022	As at 31.03.2021
Tax expense(Credit) comprises of:		
Current Income Tax	132.00	127.00
Deferred Tax	-14.97	-24.60
Income tax expense reported in the statement of profit or loss	117.03	102.40

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 25.17% (March 31, 2021: 25.17%) and the reported tax expense in profit or loss are as follows:

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

Particulars	As at 31.03.2022	As at 31.03.2021
Profit before tax	509.35	506.22
Tax at the Indian tax rate (25.17%) (March 31, 2021: 25.17%)	128.20	127.41
Adjustments:		
CSR expenses and other donations	-	-
Weighted deduction on research and development expense	-	-
Tax incentives	-	-
Capital gain tax	-	-
MAT credit utilisation	-	-
Deferred tax assets not recognized / (utilized)	14.97	24.60
Effect of change in tax laws and rate in jurisdictions outside India	-	-
Other Adjustments	3.80	0.41
Income tax expense	117.03	102.40

41. Capital management

The Company's policy is to maintain strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of business.

The Company manages its Capital structure through a balanced mix of debt and equity.
The Company's capital structure is influenced by the changes in the regulatory frameworks, government policies, available options of financing and impact of the same on liquidity position.

The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The table below shows the Gearing ratio for FY 2021-22 and FY 2020-21.

Rs. In Lacs

Particulars	As at 31.03.2022	As at 31.03.2021
Borrowings	1,012.37	736.19
Trade Payables	774.15	594.47
Less: Cash & Cash Equivalents	831.29	106.91
Net Debt	955.23	1,223.75
Equity Capital	4,399.77	3,989.22
Equity Capital and Net Debt	5,355.00	5,212.97
Gearing Ratio	**18%**	**23%**

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.

42. **Fair Values**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Rs. In Lacs

Particulars	Carrying Values As at 31.03.2022	Carrying Values As at 31.03.2021	Fair Values As at 31.03.2022	Fair Values As at 31.03.2021
Financial Assets				
Investments	682.75	682.75	682.75	682.75
Other financial assets	31.91	27.97	31.91	27.97
Tax Assets (Net)	-	-	-	-
Trade Receivables	1,131.35	894.65	1,131.35	894.65
Cash and Cash Equivalents	32.12	18.61	32.12	18.61
Bank balances other than cash and cash equivalents	799.18	88.30	799.18	88.30
Other financial assets	1891.15	2146.80	1891.15	2146.80
Total	4,568.45	3,859.08	4,568.45	3,859.08
Financial Liabilities				
Non-current Borrowings	-	-	-	-
Other non-current financial Liabilities	-	-	-	-
Current Borrowings	1012.37	736.19	1012.37	736.19
Trade Payables	774.05	594.47	774.05	594.47
Other current financial Liabilities	363.14	330.45	363.14	330.45
Total	**2,149.57**	**1,661.11**	**2,149.57**	**1,661.11**

The management assessed that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

43. **Fair values hierarchy**

Financial assets and liabilities measured at fairvalue in the statement of financial position are grouped into three levels of fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for the financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using the valuation techniques which maximise the use of observable market data rely as little as possible on entity specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Rs` in Lacs

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Obser- vable Inputs (Level 2)	Significant Unobser- vable Inputs (Level 3)
Fair value of financial assets disclosed:					
Investments	31-Mar-2022	682.75	-	682.75	-
Other financial assets	31-Mar-2022	31.91	-	31.91	-
Tax Assets (Net)	31-Mar-2022	-	- -	-	-
Trade Receivables	31-Mar-2022	1,131.35	-	1,131.35	-
Cash and Cash Equivalents	31-Mar-2022	32.12	-	32.12	-
Bank balances other than cash and cash equivalents	31-Mar-2022	799.18	-	799.18	-
Other financial assets	31-Mar-2022	1891.15	-	1891.15	-
Total		**4,568.46**	**-**	**4,568.46**	**-**

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2022:

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Obser- vable Inputs (Level 2)	Significant Unobser- vable Inputs (Level 3)
Fair value of financial liabilities disclosed					
Non-current Borrowings	31-Mar-2022	-	-		-
Other non-current financial Liabilities	31-Mar-2022	-	-		-
Current Borrowings	31-Mar-2022	1,012.37	-	1,012.37	-
Trade Payables	31-Mar-2022	774.05	-	774.05	-
Other current financial Liabilities	31-Mar-2022	363.14	-	363.14	-
Total		**2,149.56**		**2,149.56**	-

There have been no transfers between Level 1 and Level 2 during the period.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities: Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2021:

` in Lakhs

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Obser- vable Inputs (Level 2)	Significant Unobser- vable Inputs (Level 3)
Fair value of financial assets disclosed					
Investments	31-Mar-2021	682.75	- -	682.75	-
Other financial assets	31-Mar-2021	27.97	- -	27.97	-
Tax Assets (Net)	31-Mar-2021	-	- -	0.00	-
Trade Receivables	31-Mar-2021	894.65	- -	894.65	-
Cash and Cash Equivalents	31-Mar-2021	18.61	- -	18.61	-
Bank balances other than cash and cash equivalents	31-Mar-2021	88.30	- -	88.30	-
Other financial assets	31-Mar-2021	2146.80	- -	2146.80	-
Total		**3,859.08**	**- -**	**3,859.08**	**-**

There have been no transfers between Level 1 and Level 2 during the period.

Quantitative disclosures fair value measurement hierarchy for liabilities as at March 31, 2021:

Particulars	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant Obser- vable Inputs (Level 2)	Significant Unobser- vable Inputs (Level 3)
Fair value of financial liabilities disclosed					
Non-current Borrowings	31-Mar-2021	-	-	-	-
Other non-current financial Liabilities	31-Mar-2021	-	-	-	-
Current Borrowings	31-Mar-2021	736.19	-	736.19	-
Trade Payables	31-Mar-2021	594.47	-	594.47	-
Other current financial Liabilities	31-Mar-2021	330.45	-	330.45	-
Total		**1,661.11**	**-**	**1,661.11**	**-**

There have been no transfers between Level 1 and Level 2 during the period.

44. Financial risk management objectives and policies

The Company is exposed to financial risk such as Market Risk (Interest Rate Risk, fluctuation in foreign exchange rates and price risk), credit risk and liquidity risk. The general risk management program of the Company focuses on the unpredictability of the financial markets and attempts to minimize their potential negative influence on the financial performance of the Company. The Company continuously reviews its risk exposures and takes measures to limit it to acceptable levels. The Board of Directors have the overall responsibility for the establishment and oversight of the Company's risk management framework.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk i.e. interest rate risk, foreign currency risk and other price risk. Financial instruments of the Company affected by market risk include borrowings and deposits.

The sensitivity analysis in the following sections relate to the position as at March 31, 2022 and March 31, 2021.

The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post- retirement obligations; provisions; and the non-financial assets and liabilities.

The following assumptions have been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2022 and March 31, 2021.

Interest Rate Risk

The interest rate risk arise from long term borrowing of the company with variable interest rates (Bank one year MCLR plus spread). Although the spread is fixed, it is subject to change at fixed time interval or occurrence of specified event(s). Management monitors the movement in interest rate and, wherever possible, reacts to material movements in such rates by restructuring its financing arrangement.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Inrease/ (decrease) in Interest Rate	Inrease/ (decrease) in Profit Before Tax
March 31, 2022		
INR	0.5% p.a.	-1.94
INR	(0.5)% p.a.	1.94
March 31, 2021		
INR	0.5% p.a.	-1.94
INR	(0.5)% p.a.	1.94

Price risk

Price risk is the risk of fluctuations in the change in prices of equity Investments. The Company's investment in JV company is of strategic in nature rather than for trading purpose.

Credit risk

Credit risk is the risk arising from credit exposure to customers and the counterparty will default on its contractual obligations.

The Company has adopted a policy of only dealing with creditworthy customers/ corporates to minimise collection losses. Credit Control team assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. Advance payments are obtained from customers in banquets, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of trade and other receivables, advances to suppliers, cash and short- term deposits and interest receivable on deposits represents company's maximum exposure to the credit risk. No other financial asset carry a significant exposure with respect to the credit risk. Deposits and cash balances are placed with Schedule Commercial banks.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company also holds advances as security from customers to mitigate credit risk.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments held by the Company are in the nature of investment in jointly controlled entity and also an investment in an alternate energy supply company as required under the respective State energy policy. Both the categories are unquoted non-trade equity.

Liquidity risk

Liquidity risk is the risk that the Company will have difficulty in raising the financial resources required to fulfil its commitments.

Liquidity risk is held at low levels through effective cash flow management. Cash flow forecasting is performed internally by rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational requirements, to fund scheduled capex and debt repayments and to comply with the terms of financing documents.

The Company primarily uses short-term bank facilities in the nature of bank overdraft facility to fund its ongoing working capital requirements.

GENNEX LABORATORIES LIMITED

RATIO ANAlYSIS

A. Current Ratio:

Particulars	As at 31.03.2022	As at 31.03.2021
Current Assets	47,18,16,797	37,66,89,985
Current Liabilities	24,20,81,192	19,02,37,370
Current Ratio	**1.949**	**1.980**

Current Assets =Inventories,Trade receivables,Cash and Cash Equivalents,Bank Balance other than Cash and Cash Equivalents,Loans and advances to employees,"Advances to Contractors, Suppliers",Advances recoverable cash or in kind,Prepaid Expenses,GST credit receivable,Balances with Central Excise Deptt,Meis claim receivable,Accrued Interest

current liabilities = Borrowings,Trade Payable,Creditors for Capital Goods,Advances from Customers,Other Liabilities,Provision for leave encashment,Current Tax Liabilities

B. Debt-Equity Ratio (D/E):

Particulars	As at 31.03.2022	As at 31.03.2021
Total Liabilities	24,21,13,621	19,19,21,919
Total Shareholder's Equity	43,81,51,550	39,70,97,027
Debt-Equity Ratio	**0.553**	**0.483**

Total liabilities = Borrowings,Trade Payable,Creditors for Capital Goods,Advances from Customers,Other Liabilities,Provision for leave encashment,Current Tax Liabilities,Other financial liabilities,Deferred Tax Liabilites (Net)

Total Shareholder's Equity = Equity Share Capital,Other Equity(Share Premium,Investment Subsidy,General Reserve,Capital Reserve (Forfeit of warrant),Retained Profit on Property, plant and equipmen (net of deferred tax),Balance in Profit & Loss

C. Deb Service Coverage ratio:

Particulars	As at 31.03.2022	As at 31.03.2021
Net Operating Income	5,52,97,930	5,49,90,250
Debt Service	10,77,37,326	7,68,91,608
Deb Service Coverage ratio	**0.513**	**0.715**
The **net operating income** (**NOI**) formula calculates a company's income after operating expenses are deducted, but before deducting interest and taxes		
where: Debt Service (which includes the principal and interest payments on a loan)		
DS = (interest*(1-tax rate)) + Principal		

D. Return on Equity Ratio (ROE):

Particulars	As at 31.03.2022	As at 31.03.2021
	0.086	**0.095**
ROE = (Earnings before tax/Sales) x (Sales/Assets) x (Assets/Equity) x (1 - Tax Rate) or ROE = Net Profit Margin x Asset Turnover x Equity Multiplier		

E. Inventory Turnover Ratio

Particulars	As at 31.03.2022	As at 31.03.2021
COGS (Cost of Goods Sold)	38,78,37,208	34,90,93,158
Average value of Inventory (Beginning Inventory+Ending Inventory/2)	4,47,71,875	4,28,85,746
Inventory Turnover Ratio	**8.663**	**8.140**

F. Trade Receivables turnover ratio:

Particulars	As at 31.03.2022	As at 31.03.2021
Net Annual Credit Sales	1,38,13,910	52,44,381
Average Accounts Receivable	10,12,99,633	7,61,30,231
Trade Receivables turnover ratio	**0.136**	**0.069**
Where Average Accounts Receivable = (opening accounts receivable+closing accounts receivable)/2		

G Trade payables turnover ratio:

Particulars	As at 31.03.2022	As at 31.03.2021
Net Annual Credit Purchases	40,69,08,915	33,37,93,709
Average Accounts Payable	6,84,26,189	7,03,83,690
Trade payables turnover ratio	**5.947**	**4.742**
Where Average Accounts payables = (opening accounts payable+closing accounts payable)/2		

H. Net Capital Turnover Ratio:

Particulars	As at 31.03.2022	As at 31.03.2021
Total Sales	61,21,37,731	59,64,89,973
Total Shareholders Equity	43,81,51,550	39,70,97,027
Net Capital Turnover Ratio	**1.397**	**1.502**

Total Shareholder's Equity = Equity Share Capital,Other Equity(Share Premium,Investment Subsidy,General Reserve,Capital Reserve (Forfeit of warrant),Retained Profit on Property, plant and equipmen (net of deferred tax),Balance in Profit & Loss

i Net Profit Ratio

Particulars	As at 31.03.2022	As at 31.03.2021
Revenue - Cost	5,09,35,106	5,06,21,778
Revenue	62,59,51,640	60,17,34,354
Net Profit Ratio	**0.081**	**0.084**

Revenue = Sale of Products,Intrastate sales - scrap,Interest Income,Sundry balances written off/back,profit on sale of fixed assets,exchange rate fluctuation,duty draw back

cost = Cost of materials Consumed,"Changes in Inventories of Finished Goods,Stock-in-trade and Work-in-progress",Employee Benefits expense,Finance Costs,Depreciation expenses,Pollution control expenses,Consultancy & Legal Expenses,Rent & Facilities,Electricity Charges,Security Charges,Printing & Stationery,Communication Expenses,Insurance,Travelling & Conveyance Exp.,Selling Expenses,Carriage Outwards,Audit Fees,Tax Audit Fees,Certification & Others,Vehicle Maintenance,Miscellaneous Expenses,Sundry Balances Written Off,Stores, Spares & Others,Packing Material,Power & Fuels,Repairs & Maintenance – Buildings,Repairs & Maintenance - Plant & Machinery,Repairs & Maintenance - Others,Job Work Charges

J. Return on Capital Employed:

Particulars	As at 31.03.2022	As at 31.03.2021
NOPAT	3,92,32,324	4,03,81,509
Invested Capital	43,81,83,979	39,87,81,576
Return on Capital Employed:	**0.090**	**0.101**
Where: NOPAT = Net operating Profit after taxes		
NOPAT = (Operating Profit) (1-Efficitive tax Rate)		
Capital Employed = Total Assets – Current Liabilities		

K. Return on Investment:

Particulars	As at 31.03.2022	As at 31.03.2021
NOPAT	3,92,32,324	4,03,81,509
Investment	6,82,74,876	6,82,74,876
Return on Investment:	**0.575**	**0.591**
Where: NOPAT = Net operating Profit after taxes		

ACCOUNTING RATIOS

ACCOUNTING RATIOS

Following are the Key Accounting Ratios for the financial year ended:

Particulars	Consolidated 31.03.2021	Standalone 31.03.2021	Consolidated 31.03.2022	Standalone 31.03.2022
Earnings Per Share (EPS) (Basic and Diluted) (₹)	0.319	0.319	0.325	0.325
Return on Net Worth (%)	10.17	10.12	8.95	8.92
Net Asset Value per Share (₹)	3.15	3.15	3.48	3.46
EBITDA (₹ in Lakhs)	668.64	668.64	675.94	675.94
EBITDA (%)	11.11	11.11	10.80	10.80

Formula:

1. **Earnings Per Share (₹):** Net Profit after tax for the year attributable to Equity Shareholders divided by weighted average no of equity shares outstanding during the period.
2. **Return on Net Worth (%):** Net Profit after tax for the year attributable to Equity Shareholders divided by Net Worth at the end of the period multiplied by 100.
3. **Net Asset Value Per Share (₹):** Net Assets as at the year-end/ period end divided by total number of equity shares outstanding at the end of the period.
4. **EBITDA (₹ in lakhs):** Profit before tax plus finance costs plus depreciation and amortization expense.
5. **EBITDA (%):** [EBITDA/ (Total Revenue)] * 100

Note: The figures disclosed above are based on the audited books of accounts of the Company as at 31st March, 2022.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the "Financial Statements" beginning on page no.68 of this Letter of Offer. Some of the information contained in the following discussion, including information with respect to the Company's plans and strategies, contain forward-looking statements that involve risks and uncertainties.

You should also read "Risk Factors" and "Forward Looking Statements" beginning on page no.21 and 17, respectively of this *Letter of Offer, which discuss a number of factors and contingencies that could affect the Company's financial condition and results of operations.*

The Company's financial statements included in this Letter of Offer are prepared in accordance with Ind AS, which differs in certain material respects from other accounting standards such as IFRS. The Company's financial year ends on 31st March of each year. Accordingly, all references to a particular financial year are for the 12 months ended 31st March of that year. Unless otherwise indicated or the context requires, the financial information for FY 2022 and FY 2021 is based on the Audited Financial Statements, included in this Letter of Offer.

For further information, see "Financial Statements" beginning on page no.68 of this Letter of Offer. Neither the Company, nor the Lead Manager, any of their affiliates or advisors, nor any other person connected with the Issue has independently verified such information. For further information, see "Industry and Market Data" beginning on page no.17 of this Letter of Offer.

Business Overview

Gennex Laboratories Limited was originally incorporated on 25th June, 1985, as "Pharmasia Drugs and Chemicals Private Limited" under the Companies Act, 1956 as a private limited company with the Registrar of Companies, Bengaluru, Karnataka. The Registered Office of the Company was shifted from the state of Karnataka to Andhra Pradesh on 29th March, 1990 and subsequently the Company was converted into a public limited company on 15th February, 1995. The Company's name was changed to "Prudential Pharmaceuticals Limited" on 22nd February, 1995 and further to "Gennex Laboratories Limited" on 19th September, 2007.

The Company is engaged in the manufacture of Active Pharmaceutical Ingredients that are regularly referred to as bulk drugs. The manufacturing unit is located in IDA Bollarum, Hyderabad, Telangana, India. The installed capacity of the plant is 600 TPA of which more than 95% is the current capacity utilization. The plant, located on around 2.2 acres of land is owned by the Company since the year 1995. The Company is also an ISO 14001:2015 and ISO (OHSAS) 45001:2018 certified. It also has got WHO GMP certificate issued in the year 2020 and valid for a period of three years, for six of its products.

The Company has obtained drug licence for about fifteen active pharma ingredients of which it is focused on and manufacturing around eight of them that are used in anti-histamines, muscle relaxants, anti-depressants, anti-fungal, urinary tract analgesics and other analgesics. Remaining products are manufactured and supplied on demand basis.

SIGNIFICANT DEVELOPMENTS AFTER 31ST MARCH, 2022 THAT MAY AFFECT THE COMPANY'S FUTURE RESULTS OF OPERATIONS

To the knowledge of the Company and except as disclosed herein, since the date of the last financial statements contained in this Letter of Offer, no other circumstances have arisen which would materially and adversely affect or which would be likely to affect, the operations or profitability, or the value of the Company's assets or its ability to pay off its material liabilities within the next 12 (twelve) months.

COMPARISON OF HISTORICAL RESULTS OF OPERATIONS – FY 22 over FY 21:

(₹ crores)

Particulars	For the FY ended	
	31st March 2021	**31st March 2022**
Income		
Revenue from operations	59.65	61.21
As % of total revenue	*99%*	*98%*
Other income	0.52	1.38
As % of total revenue	*1%*	*2%*
Total income	**60.17**	**62.60**
Expenses		
Cost of material	34.19	40.01
Change in inventory	1.53	(1.91)
Employee benefit expenses	7.21	6.97
Other expenses	10.19	10.76
Total operating costs	**53.12**	**55.83**
As % of total revenue	*88%*	*89%*
EBITDA	**7.06**	**6.76**
As % of total revenue	*12%*	*11%*
Depreciation	0.88	0.79
Finance Cost	0.74	0.87
Exceptional items	0.37	0.00
PBT	**5.06**	**5.09**
As % of total revenue	*8%*	*8%*
Tax	1.02	1.17
PAT	**4.04**	**3.92**
As % of total revenue	*7%*	*6%*

Comparison of performance of FY 22 with FY 21:

Revenue:

The revenue for FY 22 has marginally improved from FY 21 by about ₹ 1.5 crores. The Company is already operating at more than 95% capacity utilisation. Orders beyond the production capacity have been honoured by giving job work contracts to other small manufacturers. Therefore, inspite of a marginal decrease in the quantity of production, the Company has been able to honour its purchase orders and post increased value of sales. Moreover, 78% of the total production has been exported as against 64% last year, while domestic sales constitutes 22% of the total production.

Cost of raw material consumed:

The cost of raw material consumed has increased during FY 22 from FY 21 by about 17% due to increase in the cost of input materials used in the production expenses and change in the credit sale policies of suppliers.

Other income:

There is an increase in other income by about ₹ 86 lakhs from FY 21 to FY 22. The other income comprises of Interest income, MEIS (Merchandise Exports from India Scheme) benefit, Exchange rate fluctuations, Duty drawback etc., The increase is largely to due to increase in interest income from short term loans and advances given by the Company.

Other expenses and Employee benefit expenses:

The other expenses component for FY 22 has gone up by ₹ 0.57 crores over FY 21. The other expenses include travel, repairs and maintenance, logistics, administrative expenses, pollution control expenses etc., There has been an increase in packing material expenses related to increased exports and the power and fuel cost has also gone up. Certain repairs were also undertaken to the plant and machinery which also resulted in as light increase in the pollution control expenditure.

There is a marginal decrease in the employee benefit expenses.

Earnings before Depreciation, Interest and Tax (EBITDA):

The EBITDA for FY 22 is ₹.6.76 crores, 11% of the total revenue while for FY 21 it was ₹ 7.06 crores, 12% of the total revenue. Slight increase in expenditure has reduced the operating profit. This is also due to production saturation as the factory is operating at more than 95% capacity utilisation.

Depreciation:

The depreciation provided for FY 22 is ₹0.79 crores vis – a – vis ₹ 0.88 crores for FY 21.

Finance cost:

The finance cost for FY 22 has increased from FY 21 by about ₹ 14 lakhs. The Company has been regular with its loan repayment as per the loan repayment schedule.

Profit after tax (PAT):

The PAT for FY 22 is ₹ 3.92 crores which is 6% of total income while for FY 21 it is ₹4.04 crores which is 7% of the total income.

Indebtedness:

As at 31st March, 2022, the Company has an outstanding of ₹ 15.48 crores with Axis Bank Ltd., and Yes Bank Ltd., comprising of term loans, working capital facility and Car loan.

SIGNIFICANT FACTORS AFFECTING RESULTS OF OPERATIONS:

Significant dependence on customers:

There is no single largest or a group of customers who purchase the bulk drugs from the Company such that the Company derives a major share of revenue from them. On an average, more than 99% of the production quantity of the products manufactured by the Company is exported and the major export destinations are Egypt, Eastern Europe and Latin American countries. Mexico, Iran, Germany, Columbia, Vietnam, Peru, are also export destinations for the products manufactured by the Company. This year more than 30% of export sale was made to Spain. Europe and Latin America usually have a high demand for muscle relaxants. However, the % contribution to revenue from the exports, in terms of value, is on an average 50%. When sales are made to domestic export houses, the billing is done in the domestic currency. The shipping of the products is done by the Company directly to the end customers who may have either placed purchase orders with the Company directly or through domestic export houses.

In terms of revenue contribution, during FY 22 Spain, Egypt and Vietnam have emerged as the top three countries of export. About 33% export sales have been made to Spain followed by 22% to Egypt and 13% from Vietnam.

Significant dependence on products:

The Company is focused on the production of eight API products of which the top four APIs namely, Guaifenesin, Methocarbamol, Fluconazole and Phenazopyridine HCl together constitute 95% of production and sales. Methocarbamol and Guaifenesin together constitute more than 90% of the production, sales and exports. There has been an increase in the consumption of Antihistamines which has propelled the demand for APIs used in anti-histamine formulations.

The table below gives the production quantity and export quantity of the top two APIs and the top four APIs in the Company's product portfolio.

Particulars	FY 21		FY 22	
	Production	Exports	Production	Exports
Top 2 (Quantity in TPA)	632.81	406.61	645.72	513.32
Top 2%	92.09%	92.55%	94.26%	96.21%
Top 4 (Quantity in TPA)	654.96	428.71	661.29	528.90
Top 4%	95.31%	97.58%	96.53%	99.13%
TOTAL Quantity in TPA	**687.19**	**439.35**	**685.05**	**533.54**

Significant dependence on suppliers of raw materials:

The four major raw materials used by the Company are Guaiacol, Guaifenesin, Di Methyl Carbonate and Epichlorohydrine.

Guaifenesin is one of the major products manufactured by the Company. It also serves as a major raw material in the production of Methocarbamol and therefore, this requirement is sourced and supplied internally. Guaiacol, a major raw material in the production process of Guaifenesin, was completely sourced from domestic markets last year. The Company is regularly scouting for suppliers with favourable price and quality in the local market.

The raw materials are imported from China, Taiwan and Turkey which constitutes almost 85% of the total raw material consumption of the Company. Inter-country advance licencing agreements offer lucrative incentives and duty drawbacks due to which China, Taiwan and Turkey are the major import destinations.

Unusual or Infrequent Events or Transaction

There have been, to the Company's knowledge, no unusual or infrequent events or transactions that have in the past, or may in the future, affect the Company's business operations or future financial performance.

Known Trends or Uncertainties

Other than in the normal course of the business and discussed in this section, there are no specific factors, trends or uncertainties which are expected to have a material adverse impact on the Company's revenues and results of operation.

Seasonality of business

The business of the Company is not seasonal or cyclical in nature.

Changes in Accounting Policies

There have been no changes in the accounting policies during the FY 2021-22.

Reservations, Qualifications and Adverse Remarks

There are no reservations, qualifications and adverse remarks noted by the Statutory Auditors for the FY ended 31st March, 2022.

The Balances of Current Assets, Other Non-Current Assets, Non-Current Liabilities, Other Non-Current Liabilities, Current Liabilities & other Current Liabilities are subject to confirmations/reconciliations. The Impact of the same is unascertained.

Related Party Transactions

For details, please see the chapter titled "Financial Information" beginning on page no.68 of this Letter of Offer.

SECTION VIII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

The Company is subject to various legal proceedings from time to time, primarily arising in the ordinary course of business. Except as disclosed below, there is no outstanding litigation with respect to (i) issues of moral turpitude or criminal liability on the part of the Company (ii) material violations of statutory regulations by the Company (iii) economic offences where proceedings have been initiated against the Company (iv) any pending matters, which if they result in an adverse outcome, would materially and adversely affect the operations or financial position of the Company.

Unless stated to the contrary, the information provided in this section is as of the date of this Letter of Offer. All terms defined in a summary pertaining to particular litigation shall be construed only in respect of the summary of the litigation where such term is used.

I. LITIGATIONS INVOLVING THE COMPANY

1. **Litigations against the Company**

- **Civil Suit- Nil**
- **Criminal Matters - Nil**
- **Labour Matters - Nil**
- **Custom - Nil**
- **Excise – Nil**
- **Income Tax – 4**
- **Sales Tax – 1**

Gist of the cases:

Sales Tax: Amount involved Rs.0.1457 crores

ADC order no. 1127 dtd 13th May, 2011 was issued by The Commercial Tax Officer rejecting an appeal for relief claimed of ₹ 0.1457 crores on the grounds of non – submission of a few documents. The Company had replied vide letter dtd 19th May, 2011 along with the necessary documents, post which there is no response received from the authorities. The case is pending resolution.

Income Tax:

1. **A.Y.2001-02 & 2002-03 demand notice for ₹. 0.4558 crores.**

   The Assessing Officer issued a notice dated 22nd December, 2006 re-opening the assessments for AY 2001-02 and AY 2002-03 under Section 147 of the Income Tax Act, 1961 wherein he disallowed a depreciation of ₹0.1575 crores on computers. The Company appealed to the Commissioner of Income Tax (Appeals) which was dismissed post which, the Company moved the Income Tax Appellate Tribunal. The Tribunal passed an order dated 30th September, 2009 for the AYs 2001-02 and 2002-03 setting aside the assessments with a directive to the Assessing Officer to admit the evidence filed by the Company (the assessee) before the Commissioner of Income Tax (Appeals) and decide the issue de novo. The Assessing Officer completed the assessment on 30th December, 2010 and disallowed the depreciation amount against which the Company filed an appeal before the Commissioner of Income Tax (Appeals) which dismissed the Company's appeal by order dated 24th March, 2017. Further order from the Commissioner of Income Tax are awaited, based on this the Company intends to appeal.

2. **A.Y.2015-16 – demand notice for ₹.0.0381 crores**

Company received a notice on 2nd March, 2020 U/s.133(6) of the Income Tax Act, 1961from the office of the Assistant Commissioner of Income Tax regarding the deduction of Advances non-recoverable and provision of Leave & Encashment from the taxable income and asked the Company (the assessee) for substantial evidence as to why these two expenses should not be disallowed. Further, the Company also received a notice dtd 31st March, 2021 under Section 148 of the Income tax Act, 1961, calling for re-assessment for the AY 2015-16 on the ground that income has escaped assessment. The Company has replied to the authorities suitably vide letter dated 17th March, 2022 and is awaiting further communication in this regard.

3. **A.Y.2019-20 – demand notice for ₹.0.0975 crores**

The return of income for A.Y.2019-20 was filed by the Company on 28th July, 2020 declaring total income of ₹ 2.24 crores. The Assistant Director of Income Tax CPC, Bengaluru passed an order u/s 143(1) of the Income tax Act, 1961 dated 07th October, 2020, determining total income at ₹ 2.503 crores by disallowing expenditure relating to Bonus under Section 43B of the Income Tax Act, 1961 and Section 36(1)(va) of the Income Tax Act, 1961 pertaining to late payment of employees contribution to ESI/PF. During the appellate proceedings, the Company had filed its response dated 6th September, 2021 stating reasons as to why the expenditures contended as disallowed should be allowed. Vide notice dated 01st October, 2021, the Company was asked to file a tax auditor's certificate of reconciliation between the amounts shown in the return and as appearing in the tax audit report in respect of the disallowances under Section 43B of the Income tax Act, 1961. The Company filed its response dated 12th October, 2021.

By the order dated 25th October, 2021, the Assistant Director of Income tax, CPC, Bengaluru has directed the Assessing officer to verify the claims made by the Company in its response dated 12th October, 2021 and accord relief on employee contribution to PF and ESI that have been deposited before due date of filing of the income tax return, after affording a reasonable opportunity to the Company to produce documents and details for correct quantification. Therefore, the ground of appeal was retreated as partly allowed. However, the disallowance made by CPC of bonus under Section 43B of the Income Tax Act, 1961 was upheld and the Company's appeal in this aspect was dismissed.

Further communication from the Assessing Officer is awaited.

2. **Litigations by the Company**

- **Civil Suit- Nil**
- **Criminal Matters- Nil**
- **Labour- Nil**
- **Custom - Nil**
- **Excise- Nil**
- **Income Tax – Nil**
- **Sales Tax - Nil**

Litigations by or against the Promoters, Promoter Group and Directors of the Company.

There are no litigations of any nature including civil, criminal, labour, custom, excise or income tax matters involving the Promoters, Promoter Group and the Directors of the Company except two cases involving Mr Vinod Baid, member of the Promoter Group. The details are as mentioned below:

Mr. Vinod Baid, member of Promoter Group has two criminal matters as pending litigations as on date which are given below:

1. CBI Vs Keshav Bangur & Ors

In the year 2003, a case was registered against the Bangur Group in Rajasthan High Court alleging siphoning of funds of the Bank and in the process, financial assistance extended by the erstwhile Bank of Rajasthan to several companies were scrutinized and notices were sent. One of the companies was M/s Prudential International Ltd. where Mr Vinod Baid was a Director on the Board of that company. Mr. Baid had resigned from the Board in 1998. In the year 2013, an order was issued by the Court dtd 26th November, 2013 that the case was not maintainable and the accused (including those on whom notice was served) were discharged. However, last year Mr. Vinod Baid received a summons from CBI dtd 14th August, 2021 requiring him to present himself in the Court on 4th December, 2021. Mr. Baid duly presented himself and has explained about his non – involvement with the case and the parties involved therein. There is no further update on this.

2. CBI vs R. Choudhary & Ors.

This case was initiated by CBI (Case No. GR 3217 of 2004) on a complaint filed by an employee of Union bank of India requesting for an investigation in the advances portfolio of Sikkim Bank Ltd. Kolkata in 2001. Mr Vinod Baid was also served a copy of the notice as he was a Director on the Board of Sikkim Bank Limited despite having resigned from the Board during 1999, the year when Sikkim Bank Ltd., merged with Union Bank of India. Mr. Baid has, however, filed a discharge petition before the Metropolitan Magistrate, Kolkata.

There are no other suits filed by or against any of the afore-mentioned, pending redressal or final decree as on the date of this Letter of Offer.

II. Other Material Outstanding Litigation involving the Company

Pursuant to the SEBI Regulations, for the purposes of disclosure, all other pending litigation involving the Company, Directors, Promoters and Group Companies, other than criminal proceedings, statutory or regulatory actions and taxation matters, would be considered 'material' if such cases are material from the perspective of the business, operations, prospects or reputation of the Company. There are no such material outstanding litigations.

III. OUTSTANDING DUES TO SMALL SCALE UNDERTAKINGS OR ANY OTHER CREDITORS

The Company has not received any memorandum (as required to be filed by the Supplier with the notified authority under the Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as on 31st March 2022 as Micro, Small or Medium Enterprises. Consequently, the amount paid / payable to these parties during the year is NIL. Further, there is no small-scale undertaking or any other creditor to whom the Company owes a sum exceeding Rs. 1 lakh which is outstanding for more than thirty (30) days.

IV. DISCLOSURES PERTAINING TO WILFUL DEFAULTERS

Neither the Company, nor its Promoters, and Directors have been categorized or identified as willful defaulters or willful borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines issued by the Reserve Bank of India. There are no violations of securities laws committed by them in the past or are currently pending against any of them.

V. ADVERSE EVENTS

There has been no adverse event affecting the operations of the Company occurring within one year prior to the date of filling Letter of Offer with the BSE.

MATERIAL DEVELOPMENTS

No circumstances have arisen since the date of the latest audited financial statements i.e., 31st March 2022, which materially and adversely affect or are likely to affect the Company's operations, performance, prospects or profitability, or the value of its assets or its ability to pay material liabilities.

GOVERNMENT AND OTHER STATUTORY APPROVALS

The Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for carrying on the present business activities. Some of the approvals and licenses that the Company requires for the business operations may expire in the ordinary course of business, and the Company will apply for their renewal from time to time.

The Company is not required to obtain any licenses or approvals from any government or regulatory authority for the objects of this Issue. For further details, please refer to the chapter titled "Objects of the Issue" at page no.40 of this Letter of Offer.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by resolutions of the Board passed at its meetings held on 6th April, 2022 pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

A Rights Issue Committee constituted by the Board, at its meeting held on 16th July, 2022 determined the Issue Price as ₹ 6 per Equity Share (including a premium of ₹5 per Equity Share) to the Eligible Equity Shareholders in consultation with the Lead Manager, and the Rights Entitlement as 1 Rights Equity Share for every 2 fully paid-up Equity Shares held on the Record Date.

On Application, Investors will have to pay ₹1.50 per Rights Equity Share which constitutes 25% of the Issue Price and the balance ₹4.50 per Rights Equity Share which constitutes 75% of the Issue Price, will have to be paid, on First and Final Call, as determined by the Board at its sole discretion.

The Company has received 'in-principle' approvals from BSE pursuant to Regulation 28 of SEBI Listing Regulations, *vide* its letter dated 30th June, 2022 for listing of the Issue Shares to be Allotted pursuant to the Issue.

The Company has been allotted the ISIN INE509C20018 for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of the Company. For details, please refer to the chapter entitled *'Terms of the Issue'* beginning on page no.179.

Prohibition by SEBI or other Governmental Authorities

The Company, the Promoters, the members of the Promoter Group or the Directors, have not been and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court as on the date of this Letter of Offer.

The companies with which the Promoters or the Directors are or were associated as promoters or directors have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Neither the individual Promoters nor any of the Directors of the Company have been declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018 (17 of 2018).

Directors associated with the Securities Market

None of the Directors are, in any manner, associated with the securities market.

Prohibition by RBI

Neither the Company nor the Promoters, relatives (as defined under Companies Act) of the Promoters, Directors, have been identified as Wilful Defaulters or Fraudulent Borrowers.

Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018

The Company, the Promoters and the members of the Promoter Group are in compliance and undertake to comply with the requirements of the Companies (Significant Beneficial Ownership) Rules, 2018, as amended, to the extent applicable, as on the date of the Letter of Offer.

Eligibility for the Issue

The Company has been incorporated under the Companies Act, 1956 and its Equity Shares are presently listed on BSE. The Company is eligible to offer the Issue Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, the Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations read with SEBI Exemption Letter.

Compliance with Regulations 61 and 62 of the SEBI ICDR Regulations

The Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. The Company confirms that it is also in compliance with the conditions specified in Regulation 62(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 62(2) of the SEBI ICDR Regulations, to the extent applicable.

Compliance with Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations

The Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, the Company undertakes to make an application to the Stock Exchanges for listing of the Rights Equity Shares to be issued pursuant to the Issue. BSE is the Designated Stock Exchange for the Issue.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

The Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

i. The Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last 1 year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;

ii. The reports, statements and information referred to above are available on the website of BSE; and

iii. The Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by the Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As the Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to the Company, the disclosures in this Letter of Offer are made in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

The Draft Letter of Offer will not be filed with SEBI in terms of SEBI ICDR Regulations as the size of issue is below ₹ 50 crores. However, the Letter of Offer will be filed with SEBI for information and dissemination.

Disclaimer from the Company, its Directors and the Lead Manager

The Company, its Directors and the Lead Manager accept no responsibility for statements made other than in this Letter of Offer or in any advertisement or other material issued by the Company or by any other persons at the instance of the Company and anyone placing reliance on any other source of information, including the Company's website www.gennexlab.com would be doing so at his or her own risk.

The Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

Investors who invest in this Issue will be deemed to have represented to the Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable law, rules, regulations, guidelines and approvals to acquire the Issue Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue. The Company, the Lead Manager and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any Applicant on whether such Applicant is eligible to acquire any Issue Shares.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as at its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Telangana, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is BSE Limited.

Disclaimer Clause of BSE

As required, a copy of this Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to the Company, post scrutiny of the Draft Letter of Offer, has been reproduced herein:

"BSE Limited ("the Exchange") has given vide its letter dated 30th May, 2022, permission to this Company to use the Exchange's name in this Letter of Offer as the stock exchange on which this Company's securities are proposed to be listed. The Exchange has scrutinized this letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever".

Selling Restrictions

This Letter of Offer is solely for the use of the person who has received it from the Company or from the Registrar. This Letter of Offer is not to be reproduced or distributed to any other person.

The distribution of the Draft Letter of Offer / Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form and the issue of Rights Entitlements and Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer / Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Common Application Form may come are required to inform themselves about and observe such restrictions. The Company is making this Issue on a rights basis to the Eligible Equity Shareholders of the Company and will dispatch the Draft letter of Offer/ Letter of Offer, Abridged Letter of Offer Application Form and the Rights Entitlement Letter only to Eligible Equity Shareholders who have provided an Indian address to the Company.

The Company is making this Issue of Equity Shares: (a) to the Eligible Equity Shareholders who are outside the United States in offshore transactions in reliance on Regulation S located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions; and (b) to the Eligible Employees, and will dispatch the Letter of Offer, Abridged Letter of Offer, Common Application Form and the Rights Entitlement

Letter only to Eligible Equity Shareholders and the Employee Application Form to the Eligible Employees, who have provided an Indian address to the Company and who have made a request in this regard.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer/ Letter of Offer, Abridged Letter of Offer and Application Form or any other material relating to the Company, the Rights Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchange.

Accordingly, the Rights Entitlement and the Equity Shares may not be offered or sold, directly or indirectly, and none of this Draft Letter of Offer / Letter of Offer, the Abridged Letter of Offer and the Application Form or any offering materials or advertisements in connection with the Rights Equity Shares, Rights Entitlement or Employee Reservation Shares may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer / Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer / Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form must be treated as sent for information purposes only.

This Draft Letter of Offer/ Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

If this Draft Letter of Offer/ Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the Rights Entitlement referred to in this Draft Letter of Offer/ Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement n or accepting any provisional allotment of Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Equity Shares or Rights Entitlement.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information. Each person who exercises Rights Entitlements and subscribes for Equity Shares, or who purchases Rights Entitlements or Equity Shares shall do so in accordance with the restrictions set out below.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE EQUITY SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY U.S. STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, RESOLD OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE RIGHTS ENTITLEMENTS AND EQUITY SHARES REFERRED TO IN THE DRAFT LETTER OF OFFER ARE BEING OFFERED IN INDIA, BUT NOT IN THE UNITED STATES. THE OFFERING TO WHICH THE DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY EQUITY SHARES OR RIGHTS ENTITLEMENTS FOR SALE IN THE UNITED STATES OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THE DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO THE UNITED STATES AT ANY TIME.

Neither the Company, nor any person acting on behalf of the Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who the Company, or any person acting on behalf of the Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States, electronically transmitted from the United States or otherwise dispatched from the United States or from any other jurisdiction where it would be illegal to make an offer of securities under the Letter of Offer. The Company is making this Issue on a rights basis to the Eligible Equity Shareholders and this Draft Letter of Offer, Letter of Offer/ Abridged Letter of Offer, Application Form and the Rights Entitlement Letter will be dispatched to the Eligible Equity Shareholders who have provided an Indian address to the Company Any person who acquires the Rights Entitlements or the Issue Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Issue Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlements and the Issue Shares in compliance with all applicable laws and regulations.

The Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form which: (i) appears to the Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Issue Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States and such person is eligible to subscribe for the Issue Shares under applicable securities laws and such person is complying with laws of jurisdictions applicable to such person in connection with this Issue and have obtained requisite approvals before applying in this Issue; or (iii) where either a registered Indian address is not provided or the Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and the Company shall not be bound to issue or allot any Issue Shares in respect of any such Application Form.

NO OFFER IN ANY JURISDICTION OUTSIDE INDIA

NO OFFER OR INVITATION TO PURCHASE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES IS BEING MADE IN ANY JURISDICTION OUTSIDE OF INDIA, INCLUDING, BUT NOT LIMITED TO AUSTRALIA, BAHRAIN, CANADA, THE EUROPEAN ECONOMIC AREA, GHANA, HONG KONG, INDONESIA, JAPAN, KENYA, KUWAIT, MALAYSIA, NEW ZEALAND, SULTANATE OF OMAN, PEOPLE'S REPUBLIC OF CHINA, QATAR, SINGAPORE, SOUTH AFRICA, SWITZERLAND, THAILAND, THE UNITED ARAB EMIRATES, THE UNITED KINGDOM AND THE UNITED STATES. THE OFFERING TO WHICH THIS DRAFT LETTER OF OFFER RELATES IS NOT, AND UNDER NO CIRCUMSTANCES IS TO BE CONSTRUED AS, AN OFFERING OF ANY RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENT FOR SALE IN ANY JURISDICTION OUTSIDE INDIA OR AS A SOLICITATION THEREIN OF AN OFFER TO BUY ANY OF THE SAID SECURITIES. ACCORDINGLY, THIS DRAFT LETTER OF OFFER SHOULD NOT BE FORWARDED TO OR TRANSMITTED IN OR INTO ANY OTHER JURISDICTION AT ANY TIME.

Filing

SEBI vide the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Fourth Amendment) Regulations, 2020 has amended Regulation 3(b) of the SEBI ICDR Regulations as per which the threshold of filing of Draft Letter of Offer with SEBI for rights issues has been increased. The threshold of the rights issue size under Regulation 3 (b) of the SEBI ICDR Regulations has been increased from Rupees ten crores to Rupees fifty crores. Since the size of this Issue falls below this threshold, the Draft Letter of Offer has been filed with the BSE and not with SEBI. However, the Letter of Offer will be submitted with SEBI for information and dissemination and will be filed with the BSE.

Mechanism for Redressal of Investor Grievances

The Company has adequate arrangements for the redressal of investor complaints in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011. Consequently, investor grievances are also tracked online by the Company through the SCORES mechanism.

The Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of Shareholders in relation to transfer of shares and effective exercise of voting rights. All investor grievances received by the Company have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

The Investor complaints received by the Company are generally disposed of within 15 days from the date of receipt of the complaint.

Investor Grievance arising out of the Issue

Investors may contact the Registrar or the Company Secretary and Compliance Officer for any pre-Issue/post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account number, serial number of the Application Form, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form, or the plain paper application, as the case may be, was submitted by the ASBA Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, please refer to the chapter entitled *'Terms of the Issue'* beginning on page no.179 of this Draft Letter of Offer.

Investors may contact the Registrar to the Issue at:

Bigshare Services Private Limited
Corporate Office:
S6-2, 6th floor Pinnacle Business Park,
Next to Ahura Centre, Mahakali Caves Road,
Andheri (East), Mumbai – 400072
Tel. No.: +91 – 22 – 6263 8200
e-mail: rightsissue@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Mr. Vijay Surana
SEBI Regn No: INR000001385

Investors may contact the Company Secretary and Compliance Officer at the below mentioned address for any pre-Issue/ post-Issue related matters such as on-receipt of Letters of Allotment / demat credit/ Refund Orders etc.,

Rajesh Vankadara is the Company Secretary and Compliance Officer of the Company. His contact details are as follows:

Mr. Rajesh Vankadara
Akash Ganga, 3rd Floor, Plot No.144, Srinagar Colony,
Hyderabad 500073, Telangana, India
Phone: 040-67334400;
E-mail: cs@gennexlab.com

SECTION IX: ISSUE RELATED INFORMATION

TERMS OF ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form , as the case may be. The Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is correctly filled up. Unless otherwise permitted under the SEBI ICDR Regulations read with SEBI Rights Issue Circular, Investors proposing to apply in this Issue can apply only through ASBA.

Please note that in accordance with the provisions of the SEBI Circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 ("SEBI – Rights Issue Circular"), all investors (including renouncees) shall make an application for a rights issue only through ASBA facility. Further, SEBI has pursuant to the SEBI Rights Issue Circular stated that in the event there are physical shareholders who have not been able to open a demat account pursuant to the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 or are unable to communicate their demat account details to the Company or the Registrar for credit of Rights Entitlements, such physical shareholders may be allowed to submit their Application. For more details, please see 'Making Application by Eligible Equity Shareholders holding Equity Shares in physical form' beginning on page no.186.

The Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer, including the Application Form and the Rights Entitlement Letter, the MOA and AOA of the Company, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, applicable guidelines and regulations issued by SEBI or other statutory authorities and bodies from time to time, the SEBI Listing Regulations, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time.

OVERVIEW

The Issue and the Rights Equity Shares proposed to be issued on a rights basis, are subject to the terms and conditions contained in this, Letter of Offer, the Abridged Letter of Offer, the Application Form and the Rights Entitlement Letter, the Memorandum of Association and the Articles of Association, the provisions of Companies Act, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the SEBI, the RBI or other regulatory authorities, the terms of Listing Agreements entered into by the Company with the Stock Exchanges and terms and conditions as stipulated in the Allotment Advice.

Important:

I. **DISPATCH AND AVAILABILITY OF ISSUE MATERIALS**

In accordance with the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Company will send/ dispatch at least three days before the Issue Opening Date, the Abridged Letter of Offer, the Rights Entitlement Letter, Application Form and other issue material ("Issue Materials") only to the Eligible Equity Shareholders who have provided an Indian address to the Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions. In case the Eligible Equity Shareholders have provided their valid e-mail address, the Issue Materials will be sent only to their valid e-mail address and in case the Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched, by the Registrar to the Issue on behalf of the Company to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Issue Shares under applicable laws) on the websites of:

1. the Company at www.gennexlab.com;
2. the Registrar at www.bigshareonline.com
3. the Lead Manager at www.qeplindia.com; and
4. the Stock Exchange at www.bseindia.com

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e. www.bigshareonline.com) by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of the Company (i.e., www.gennexlab.com).

Further, the Company along with the Lead Manager will undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible.

Please note that neither the Company nor the Registrar nor the Lead Manager shall be responsible for non-dispatch of physical copies of Issue materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Form or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Issue Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Issue Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Issue Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject the Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Issue Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for the Company or the affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

The Company is undertaking this Issue for its Eligible Equity Shareholders and will send the Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to the email addresses of the Eligible Equity Shareholders who have provided a valid email address and an Indian address to the Company.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI - Rights Issue Circulars and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, see 'Making *of an Application through the ASBA Process' beginning* on page no.182 of this Letter of Offer.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue based on the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see *'Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders'* beginning on page no.194.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Issue Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details see 'Grounds for Technical Rejection' on page no.189. The Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.

Additionally, in terms of Regulation 78 of SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the Application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in this Issue by way of plain paper application shall not be permitted to renounce any portion of their Rights Entitlement. For details, please refer to the paragraph entitled '*Making of an Application by Eligible Equity Shareholders on plain paper under ASBA Process*' on page no.184.

- ***Options available to the Eligible Equity Shareholders***

  The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

  If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

  i. apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
  ii. apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
  iii. apply for its Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or
  iv. apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Equity Shares; or
  v. renounce its Rights Entitlements in full.

- ***Making of an Application through the ASBA process***

  An Investor is required to have an ASBA enabled bank account with an SCSB, prior to making the Application. Investors may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

  Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

  For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

  Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Manager, the Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Do's for Investors applying through ASBA:

a. Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.

b. Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Issue Shares will be Allotted in the dematerialized form only

c. Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

d. Ensure that there are sufficient funds (equal to {number of Issue Shares (including additional Equity Shares) applied for} X {Application Money of Issue Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

e. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

f. Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

g. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

h. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

i. Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated February 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Dont's for investors applying through ASBA:

a. Do not apply if you are not eligible to participate in the Issue under securities laws applicable to your jurisdiction.

b. Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.

c. Do not send your physical Application to the Lead Manager, the Registrar, the Banker to the Issue, a branch of the SCSB which is not a Designated Branch of the SCSB or the Company; instead submit the same to a Designated Branch of the SCSB only.

d. Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

e. Do not submit Application Form using third party ASBA account.

- ***Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

Please note that the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of the Company, being Gennex Laboratories Limited.;
2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with the Company or the Depository);
3. Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Issue Shares applied for pursuant to this Issue;
5. Number of Equity Shares held as on Record Date;
6. Allotment option – only dematerialised form;
7. Number of Equity Shares entitled to;
8. Number of Equity Shares applied for within the Rights Entitlements;
9. Number of additional Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Equity Shares applied for;
11. The application amount paid at the rate of ₹ 1.50 per Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;

15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB); and
16. All such Eligible Equity Shareholders are deemed to have accepted the following:

"I/ We understand that neither the Rights Entitlements nor the Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Equity Shares referred to in this application are being offered and sold (i) in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act ("Regulation S") to existing shareholders who are non-U.S. Persons and located in jurisdictions where such offer and sale of the Equity Shares is permitted under laws of such jurisdictions and (ii) within the United States or to U.S. Persons that are "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) ("U.S. QIB") pursuant to the private placement exemption set out in Section 4(a)(2) of the U.S. Securities Act, that are also "qualified purchasers" (as defined under the United States Investment Company Act of 1940, as amended) ("QPs") in reliance upon section 3(c)(7) of the U.S. Investment Company Act. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and a non-U.S. Person and eligible to subscribe for the Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/we hereby make the representations, warranties, acknowledgments and agreements set forth in the section of the Letter of Offer titled 'Restrictions on Foreign Ownership of Indian Securities' beginning on page no.213.

I/ We understand and agree that the Rights Entitlements and Equity Shares may not be reoffered, resold, pledged or otherwise except in an offshore transaction in accordance with Regulation S to a person outside the United States and not reasonably known by the transferor to be a U.S. Person by pre-arrangement or otherwise (including, for the avoidance of doubt, a bona fide sale on the BSE).

I/ We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with the Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at www.bigshareonline.com

The Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

Acceptance of this Issue

Eligible Equity Shareholders may accept this Issue and apply for the Issue Shares submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchange.

Applications submitted to anyone other than the Designated Branches of the SCSB are liable to be rejected.

Investors can also make Application on plain paper under ASBA process mentioning all necessary details as mentioned under the section *'Making of an Application by Eligible Equity Shareholders on plain paper under ASBA Process'* on page no.184.

- ***Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form***

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Issue Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Issue Shares in this Issue are advised to furnish the details of their demat account to the Registrar or the Company at least two Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with the Company or the Registrar, shall be credited in a demat suspense escrow account opened by the Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

a. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e- mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two Working Days prior to the Issue Closing Date;

b. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

c. The remaining procedure for Application shall be same as set out in '*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*' beginning on page no.184.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process.

Application for Additional Equity Shares

Investors are eligible to apply for additional Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in *'Basis of Allotment'* beginning on page no.205.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for additional Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for additional Rights Equity Shares.

Additional general instructions for Investors in relation to making of an Application

a. Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.

b. Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

c. In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under the section *'Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process'* on page no.184.

d. Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

e. Applications should not be submitted to the Banker(s) to the Issue, the Company or the Registrar or the Lead Manager.

f. All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Issue Shares pursuant to this Issue shall be made into the accounts of such Investors.

g. Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation **(Demographic Details)** are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants**. The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to the Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Issue Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of the Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.**

h. By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

i. For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

j. Investors should provide correct DP ID and Client ID/ Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ Folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. The Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

k. In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

l. All communication in connection with Application for the Issue Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to the Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

m. Investors are required to ensure that the number of Issue Shares applied for by them do not exceed the prescribed limits under the applicable law.

n. Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.

o. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

p. Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

q. Do not pay the Application Money in cash, by money order, pay order or postal order.

r. Do not submit multiple Applications.

s. No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and the Company will not be responsible for any allotments made by relying on such approvals.

t. An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as a incorporated non-resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019.

u. Ensure that your PAN is linked with Aadhar and you are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

- Grounds for Technical Rejection

Applications made in this Issue are liable to be rejected on the following grounds:

a. DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.

b. Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

c. Sending an Application to the Company, the Lead Manager, Registrar, Banker to the Issue to a branch of a SCSB which is not a Designated Branch of the SCSB.

d. Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

e. Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

f. Account holder not signing the Application or declaration mentioned therein.

g. Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

h. Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

i. Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

j. Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

k. Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

l. Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.

m. Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

n. Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.

o. If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

p. Applications which: (i) appears to the Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Issue Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Issue Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and the Company shall not be bound to issue or allot any Issue Shares in respect of any such Application Form.

q. Applications which have evidence of being executed or made in contravention of applicable securities laws.

r. Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).

- Multiple Applications

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see *'Procedure for Applications by Mutual Funds'* on page no.192.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications or (c) multiple applications on ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by any of the Promoter or members of the Promoter Group to meet the minimum subscription requirements applicable to this Issue as described in the Section titled *'Capital Structure'* on page no.38.

Procedure for Applications by certain categories of Investors

Procedure for Applications by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of the post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of the Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by the Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and the Company and the investor will also be required to comply with applicable reporting requirements.

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

a. such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
b. prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre – approved by the FPI.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as Category I

AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and the Company will not be responsible for any allotments made by relying on such approvals.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India (**OCI**) may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid- up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been recently amended to state that all investments by entities incorporate in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country (**Restricted Investors**), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Issue Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate the Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Procedure for Applications by Systemically Important Non-Banking Financial Companies ('NBFC-SI')

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is 19th August, 2022 i.e., Issue Closing Date. The Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by the Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and the Board or any committee thereof shall be at liberty to dispose of the Issue Shares hereby offered, as set out in *'Basis of Allotment'* on page no.205.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor may withdraw their Application post the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by the Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form to the Eligible Equity Shareholders upon submission of the Application.

The Board reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts. Wherever an Application is rejected in part, the balance of

Application Money, if any, after adjusting any money due on Issue Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, the Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

III. CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- **Rights Entitlements**

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialized form or appears in the register of members of the Company as an Eligible Equity Shareholder in respect of the Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., www.bigshareonline.com) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of the Company (i.e., www.gennexlab.com).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no application is made by the Eligible Equity shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under Rights Issue for subscribing to the Rights Equity Shares offered under Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, have not provided the details of their demat accounts to the Company or to the Registrar, they are required to provide their demat account details to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., www.bigshareonline.com) Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

The Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will send the Letter of Offer and the Abridged Letter of Offer, the Application Form and other applicable Issue materials primarily to email addresses of Eligible Equity Shareholders who have provided an Indian address to the Company. This Letter of Offer will be provided to those who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Shareholders have not provided valid e-mail addresses to the Company, the Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

The Letter of Offer, the Abridged Letter of Offer and the Application Form may also be accessed on the websites of the Registrar, the Company and the Lead Manager through a link contained in the aforementioned email sent to email addresses of Eligible Equity Shareholders (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares and/ or the Rights Entitlements under applicable securities laws) and on the Stock Exchange website. The distribution of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares and/ or the Rights Entitlements on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and Issue Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed. Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Issue Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations. If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who acquires Rights Entitlements or makes and Application will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, that it is entitled to subscribe for the Issue Shares under the laws of any jurisdiction which apply to such person.

Credit of Rights Entitlements in dematerialised account

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, the Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, 'GENNEX LABORATORIES LIMITED - UNCLAIMED SHARES DEMAT SUSPENSE ACCOUNT') opened by the Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in a demat suspense account pursuant to Regulation 39 of the SEBI Listing Regulations; or (b) Equity Shares held in the account of IEPF authority; or (c) the demat accounts of the Eligible Equity Shareholder which are frozen or suspended for debit / credit or details of which are unavailable with the Company or with the Registrar on the Record Date; or (d) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to the Company or Registrar; or (e) instances where credit of the Rights Entitlements returned/reversed/failed; or (f) Equity Shares, the ownership of which is currently under dispute, including in any court proceedings.

In this regard, the Company has made necessary arrangements with NSDL and CDSL for the crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is INE509C20018. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., by 19th August, 2022 to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to the Company or the Registrar account is active to facilitate the aforementioned transfer.

Additionally, the Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchange after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- **Renouncees**

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

- **Renunciation of Rights Entitlements**

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer.

- **Procedure for Renunciation of Rights Entitlements**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the '**On Market Renunciation'**); or (b) through an off-market transfer (the '**Off Market**

Renunciation'), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

- **Payment Schedule of Issue Equity Shares.**

Payment schedule is as follows:

Amount payable per Rights Equity Share	Face Value (₹)	Premium (₹)	Total (₹)
On Application	0.25	1.25	1.50(1)
First and Final Call#	0.75	3.75	4.50(2)
TOTAL	1.00	5.00	6.00

(1) Constitutes25% of the Issue Price.

(2) Constitutes 75% of the Issue Price.

to be paid at such time as may be determined by the Board at its sole discretion.

Rights Equity Shares in respect of which the Call payable remains unpaid may be forfeited, at any time after the due date for payment of the balance amount due in accordance with the Companies Act, 2013 and the Company's Articles of Association.

Record Date for Call and suspension of trading

The Company would fix a Call Record Date giving notice, in advance of such period as may be prescribed under applicable law, to the Stock Exchanges for the purpose of determining the list of holders of the Rights Equity Shares to whom the notice for the Call would be sent. Once the Call Record Date has been fixed, trading in the Rights Equity Shares for which the Call has been made may be suspended prior to the Call Record Date.

Procedure for Call for Rights Equity Shares

The Company would convene a meeting of the Board to pass the required resolutions for making the Call and suitable intimation would be given by the Company to the Stock Exchanges. Further, advertisements for the same will be published in (i) one English national daily newspaper; (ii) one Hindi language national daily newspaper; and (iii) one Telugu language daily newspaper (Telugu being the regional language of Telangana, where the Company's Registered Office is situated), all with wide circulation.

The Call shall be deemed to have been made at the time when the resolution authorising such Call is passed at the meeting of the Board. The Call may be revoked or postponed at the discretion of the Board. Pursuant to the provisions of the Articles of Association, the Investors would be given at least 30 days' notice for the payment of the Call. The Board may, from time to time at its discretion, extend the time fixed for the payments of the Call. The Company, at its sole discretion and as it may deem fit, may send one or more reminders for the Call, and if it does not receive the Call Money as per the timelines stipulated, the defaulting holders of the Rights Equity Shares will be liable to pay interest as may be fixed by the Board unless waived or the Company may forfeit the Application Money and any Call Money received for previous Call made.

Payment of Call Money

In accordance with the SEBI circular bearing reference number SEBI/HO/CFD/DIL1/CIR/238/2020 dated December 8, 2020 regarding additional payment mechanism (i.e. ASBA, etc.) for payment of balance money in calls for partly paid specified securities issued by the listed entity, the Investor may make payment of the Call Monies using ASBA Mechanism through the Designated Branch of the SCSB or through online/electronic through the website of the SCSBs (if made available by such SCSB) by authorizing the SCSB to block an amount, equivalent to the amount payable on Call Monies, in the Investor's ASBA Account. The Investor may also use the facility of linked online trading, demat and bank account (3-in-1 type account), if provided by their broker, for making payment of the Call Monies.

The Lead Manager and the Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

a. ***On Market Renunciation***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of the Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN: INE509C20018 subject to requisite approvals. Prior to the Issue Opening Date, the Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from Friday, 5th August, 2022 to Friday, 12th August, 2022 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the RE ISIN: INE509C20018 and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE under automatic order matching mechanism and on 'T+2 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

b. ***Off Market Renunciation***

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the RE ISIN: INE509C20018, the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the NSDL and CDSL from time to time.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility. The Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, the Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by the Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

a. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income-tax Act. However, please note that conditions applicable at the time of original investment in the Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

b. Subject to the above, in case Issue Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Issue Shares cannot be remitted outside India.

c. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

d. Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Issue Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

e. In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

f. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for additional Issue Shares.

VI. BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE

The Issue Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Equity Shares held in dematerialised form and on the register of members of the Company in respect of the Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, please see the chapter entitled '*The Issue*' beginning on page no.32.

- **Face Value**

  Each Issue Share will have the face value of ₹1/-.

- **Issue Price**

  Each Rights Equity Share is being offered at a price of ₹6 (including a premium of ₹5 per Issue Share) in this Issue. On Application, Investors will have to pay ₹1.50 per Rights Equity Share which constitutes 25% of the Issue Price and the balance of ₹4.50 per Rights Equity Share which constitutes 75% of the Issue Price, will have to be paid on the First and Final Call as determined by the Board at its sole discretion.

  The Issue Price for Issue Shares has been arrived at by the Company in consultation with the Lead Manager and has been decided prior to the determination of the Record Date.

- **Rights Entitlements Ratio**

  The Rights Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of 1 Rights Equity Share for every 2 fully paid-up Equity Shares held by the Eligible Equity Shareholders as on the Record Date.

- **Fractional Entitlements**

  The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of 1 (one) Rights Equity Share for every 2 (two) Equity Shares held as on the Record Date. As per SEBI Rights Issue Circular, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than 2 Equity Shares or is not in the multiple of 2 Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

  For example, if an Eligible Equity Shareholder holds 3 Equity Shares, such Equity Shareholder will be entitled to 1 Rights Equity Share and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for additional Rights Equity Shares, over and above his/her Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

  Further, the Eligible Equity Shareholders holding less than three Equity Shares shall have ‘zero’ entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for additional Rights Equity Shares, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

- **Ranking**

  The Issue Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act,, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreement entered into by the Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment advice. The Issue Shares to be issued and Allotted under this Issue shall, upon being fully paid up, rank *pari passu* with the existing Equity Shares, in all respects including dividends. In respect of the Issue Shares, Investors are entitled to dividend in proportion to the amount paid up and their voting rights exercisable on a poll shall also be proportional to their respective share of the paid-up equity capital of the Company.

- **Listing and trading of the Issue Shares to be issued pursuant to this Issue**

  Subject to receipt of the listing and trading approvals, the Issue Shares proposed to be issued under the Issue shall be listed and admitted for trading on the Stock Exchange. Unless otherwise permitted by the SEBI ICDR Regulations, the Issue Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Issue Shares will be taken within such period prescribed under the SEBI ICDR Regulations. The Company has received in principle approval from BSE through letter bearing reference number E-Letter DCS/RIGHT/VJ/FIP/2380/2022-23 dated 30th June, 2022. The Company will apply to the Stock Exchange for final approval for the listing and trading of the Issue Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Issue Shares or the price at which the Issue Shares offered under this Issue will trade after the listing thereof.

  For an applicable period, from the Call Record Date, the trading of the Rights Equity Shares would be suspended under the applicable law. The process of corporate action for crediting the fully paid-up Rights Equity Shares to the Investors' demat accounts, may take such time as is customary or as prescribed under applicable law from the last date of payment of the amount under the Call notice for the final Call.

  The existing Equity Shares are listed and traded on BSE under Scrip Code: 531739 and Symbol: GENNEX), under the ISIN: INE509C01026. The Issue Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchange. Upon receipt of such listing and trading approvals, the Issue Shares shall be debited from such temporary ISIN and credited to the existing ISIN for the Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

  The listing and trading of the Issue Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

  In case the Company fails to obtain listing or trading permission from the Stock Exchange, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchange, rejecting the application for listing of the Issue Shares, and if any such money is not refunded/ unblocked within four days after the Company becomes liable to repay it, the Company and every Director of the Company who is an officer-in-default shall, on and from the expiry of the fifth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

- **Subscription to this Issue by the Promoter and the Promoter Group**

  For details of the intent and extent of subscription by the Promoter and the Promoter Group, see on the Section titled *'Capital Structure'* on page no.38.

- **Rights of Holders of Issue Shares of the Company**

  Subject to applicable laws, Eligible Equity Shareholders who have been Allotted Issue Shares shall have the following rights:

  a. The right to receive dividend, if declared;

  b. The right to vote in person, or by proxy, except in case of Issue Shares credited to the demat;

  c. suspense account for resident Eligible Equity Shareholders holding Equity Shares in physical form;

d. The right to receive surplus on liquidation;

e. The right to free transferability of Issue Shares;

f. The right to attend general meetings of the Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed under 'Credit and Transfer of Issue Shares in case of Shareholders holding Equity Shares in Physical Form' on page no.207;

Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association; and

g. The right to receive offers for rights shares and be allotted bonus shares, if announced.

h. Subject to applicable law and Articles of Association, holders of Issue Shares shall be entitled to the above rights in proportion to amount paid-up on such Issue Shares in this Issue.

VII. GENERAL TERMS OF THE ISSUE

- **Market Lot**

The Issue Shares of the Company shall be tradable only in dematerialized form. The market lot for Issue Shares in dematerialised mode is one Equity Share.

- **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Issue Shares offered in this Issue.

- **Nomination**

Nomination facility is available in respect of the Issue Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Issue Shares to be Allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- **Arrangements for Disposal of Odd Lots**

The Issue Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Issue Share and hence, no arrangements for disposal of odd lots are required.

- **Notices**

In accordance with the SEBI ICDR Regulations, SEBI Rights Issue Circular, the Company will send, primarily through email, the Abridged Letter of Offer, Application Form and other applicable Issue materials to the email addresses of all the Eligible Equity Shareholders who have provided their Indian addresses to the Company. This Letter of Offer will be provided, primarily through email, by the Registrar on behalf of the Company and the Lead Manager to the Eligible Equity Shareholders who have provided their Indian addresses to the Company and who make a request in this regard.

In the event that e-mail addresses of the Eligible Equity Shareholders are not available with the Company or the Eligible Shareholders have not provided valid e-mail addresses to the Company, the Company will dispatch the Abridged Letter of Offer, Application Form and other applicable Issue materials by way of physical delivery as per the applicable laws to those Eligible Equity Shareholders who have provided their Indian address.

All notices to the Eligible Equity Shareholders required to be given by the Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Telugu language daily newspaper with wide circulation (Telugu being the regional language of Hyderabad, where the Registered Office is situated).

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on its website.

- **Offer to Non-Resident Eligible Equity Shareholders/Investors**

As per Rule 7 of the FEMA Rules, the RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by the RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by the RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Issue Shares and issue of Rights Entitlement Letters/ letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in the Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar, i.e., Bigshare Services private Limited at www.bigshareonline.com. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and the Company will not be responsible for any such allotments made by relying on such approvals.

The Abridged Letter of Offer, Application Form and other applicable Issue materials shall be sent primarily to the email address of non-resident Eligible Equity Shareholders who have provided an Indian address to the Company. Investors can access this Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, the Company, the Lead Manager and the Stock Exchange. The Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by the RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of the Company and the Lead Manager.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (**OCBs**) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of the RBI and in order to apply for this issue as an incorporated non – resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non – Debt Instrument) Rules, 2019.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and the Company by submitting their respective copies of self-attested proof of address, passport, etc. by email to rightsissue@bigshareonline.com.

ALLOTMENT OF THE ISSUE SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE ISSUE SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE '*ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS*' ON PAGE NO.206.

VIII. ISSUE SCHEDULE

Event	Indicative Day & Date
Last Date for Credit of Rights Entitlements	Thursday, 4th August, 2022
Issue Opening Date	Friday, 5th August, 2022
Last Date for On Market Renunciation of Rights Entitlements#	Friday, 12th August, 2022
Issue Closing Date*	Friday, 19th August, 2022
Finalisation of Basis of Allotment (on or about)	Thursday, 25th August, 2022
Date of Allotment (on or about)	Friday, 26th August, 2022
Date of Credit (on or about)	Wednesday, 31st August, 2022
Date of Listing (on or about)	Friday, 2nd September, 2022

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

** The Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to the Company or to the Registrar, they are required to provide their demat account details to the Company or the Registrar not later than two Working Days prior to the Issue Closing Date to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date.

IX. BASIS OF ALLOTMENT

Subject to the provisions contained in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Equity Shares in the following order of priority:

a. Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Equity Shares renounced in their favour, in full or in part.

b. Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for Allotment under this head are more than the number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

c. Allotment to the Eligible Equity Shareholders who having applied for all the Equity Shares offered to them as part of this Issue, have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

d. Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.

e. Allotment to any other person, subject to applicable laws, that the Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of the Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Equity Shares in this Issue, along with:

a. The amount to be transferred from the ASBA Account to the separate bank account opened by the Company for this Issue, for each successful Application;

b. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

c. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

X. ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

The Company will issue/ dispatch Allotment advice, refund intimations or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of on or before T+1 day (T: Basis of allotment day). In case of failure to do so, the Company and the Directors who are "officers in default" shall pay interest at 15% p.a. and such other rate as specified under applicable law from the expiry of such 4 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through an e-mail, to the e-mail address provided to the Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for additional Equity Shares in the Issue and is Allotted a lesser number of Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, the Company shall pay the requisite interest at such rate as prescribed under applicable law.

- **Separate ISIN for Rights Equity Shares**

  In addition to the present ISIN for the existing Equity Shares, the Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations prior to the record date for the final Call Notice. The ISIN representing the Rights Equity Shares will be terminated after the Call Record Date for the final Call. On payment of the final Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of the Equity Shares.

- **Credit and Transfer of the Rights Equity Shares in case of the Eligible Equity Shareholders holding the Equity Shares in physical form and treatment of such Rights Equity Shares for non-receipt of demat account details in a timely manner**

  In case of allotment to the Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date, have paid the Application Money and have not provided the details of their demat account to the Registrar or the Company at least two Working Days prior to the Issue Closing Date, the following procedure shall be adhered to:

  a. The Registrar shall send Allotment advice and credit the Rights Equity Shares to a demat suspense account to be opened by the Company;

  b. Within 6 months from the Allotment Date, such Eligible Equity Shareholders shall be required to send a communication to the Company or the Registrar containing the name(s), Indian address, email address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by post, speed post, courier, electronic mail or hand delivery;

  c. The Company (with the assistance of the Registrar) shall, after verification of the details of such demat account by the Registrar, transfer the Rights Equity Shares from the demat suspense account to the demat accounts of such Eligible Equity Shareholders;

  d. In case of non-receipt of details of demat account as per (b) above, the Company shall conduct a sale of such Rights Equity Shares lying in the demat suspense account on the floor of the Stock Exchange at the prevailing market price and remit the proceeds of such sale (net of brokerage, applicable taxes and administrative and incidental charges) to the bank account mentioned by the resident Eligible Equity Shareholders in their respective Application Forms and from which the payment for Application Money was made. In case such bank accounts cannot be identified due to any reason or bounce back from such account, the Company may use payment mechanisms such as cheques, demand drafts, etc. to such Eligible Equity Shareholders to remit such proceeds. Such Rights Equity Shares may be sold over such period of time as may be required, depending on liquidity and other market conditions on the floor of the Stock Exchange after the expiry of the period mentioned under (b) above. Therefore, such proceeds (net of brokerage, applicable taxes and administrative and incidental charges) by way of sale of such Rights Equity Shares may be higher or lower than the amount paid by such Eligible Equity Shareholders at the time of subscribing such shares;

e. The Company shall send reminder notices seeking the requisite details of demat account prior to expiry of time period under (b) above, in due course, to such resident Eligible Equity Shareholders who have not provided the requisite details. After expiry of time period under (b) above, the Company or the Registrar shall not accept any requests by such Eligible Equity Shareholders for updating the details of demat account under any circumstances, including in case of failure to sell such Rights Equity Shares;

f. After the consummation of the sale of Rights Equity Shares on the floor of the Stock Exchanges, the Company shall send an intimation to the respective Eligible Equity Shareholders, giving details of such sale, including the sale price and break-up of net brokerage, taxes and administrative and incidental charges;

g. If at the time of transfer of sale proceeds for default cases, the bank account from which Application Money was received is closed or non-operational, such sale proceeds will be transferred to IEPF in accordance with practice on Equity Shares and as per applicable law; and

h. In case the details of demat account provided by the Eligible Equity Shareholders are not of his/ her own demat account, the Rights Equity Shares shall be subject to sale process specified under (d) above.

Notes:

1. The Company will open a separate demat suspense account to credit the Rights Equity Shares in respect of such Eligible Equity Shareholders who hold the Equity Shares in physical form as on Record Date and have not provided details of their demat accounts to the Company or the Registrar, at least two Working Days prior to the Issue Closing Date. The Company, with the assistance of the Registrar, will initiate transfer of such Rights Equity Shares from the demat suspense account to the demat account of such Eligible Equity Shareholders, upon receipt of details of demat accounts from the Eligible Equity Shareholders.

2. The Eligible Equity Shareholders cannot trade in such Rights Equity Shares until the receipt of demat account details and transfer to such Eligible Equity Shareholders' respective account.

3. There will be no voting rights against such Rights Equity Shares kept in the demat suspense account. However, the respective Eligible Equity Shareholders will be eligible to receive dividends, if declared, in respect of such Rights Equity Shares on the Rights Equity Shares, as permitted under applicable laws.

4. Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of buying or selling of Rights Equity Shares or Rights Entitlements. The Eligible Equity Shareholders should obtain their own independent tax and legal advice and may not rely on the Company or any of their affiliates including any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates when evaluating the tax consequences in relation to the Rights Equity Shares (including but not limited to any applicable short-term capital gains tax, or any other applicable taxes or charges in case of any gains made by such Eligible Equity Shareholders from the sale of such Rights Equity Shares).

5. The Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be liable in any manner and not be responsible for acts, mistakes, errors, omissions and commissions, etc., in relation to any delay in furnishing details of demat account by such Eligible Equity Shareholders, any resultant loss to the Eligible Equity Shareholders due to sale of the Rights Equity Shares, if such details are not correct, demat account is frozen or not active or in case of non-availability of details of bank account of such Eligible Equity Shareholders, profit or loss

to such Eligible Equity Shareholders due to aforesaid process, tax deductions or other costs charged by the Company, or on account of aforesaid process in any manner.

XI. PAYMENT OF REFUND

- ***Mode of making refunds***

a. The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through unblocking amounts blocked using ASBA facility.

b. **National Automated Clearing House** (“**NACH**”) – NACH is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centers specified by the RBI, where such facility has been made available. This would be subject to availability of complete bank account details including MICR code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centers where NACH facility has been made available by the RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the Depositories), except where the Applicant is otherwise disclosed as eligible to get refunds through NEFT, Direct Credit or RTGS.

c. **National Electronic Fund Transfer** (“**NEFT**”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“**IFSC Code**”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to the Company or with the Depository Participant while opening and operating the demat account, such MICR number and the bank account number will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

d. **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for such refund would be borne by the Company.

e. **RTGS** – If the refund amount exceeds ₹ 200,000, Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event such IFSC Code is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the refund bank(s) for such refund would be borne by the Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.

f. For all other Investors, the refund orders will be dispatched through speed post or registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Investor and payable at par.

g. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

- ***Refund payment to non-residents***

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

XII. ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

Receipt of the Equity Shares in Dematerialized Form

PLEASE NOTE THAT THE ISSUE SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE ISSUE SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO THE COMPANY OR THE REGISTRAR AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING ISSUE SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.

Investors shall be Allotted the Equity Shares in dematerialized (electronic) form. The Company has signed an agreement dated August 17, 2001 with NSDL and an agreement dated May 2, 2001 with CDSL which enables the Investors to hold and trade in the securities issued by the Company in a dematerialized form, instead of holding the Issue Shares in the form of physical certificates.

INVESTORS MAY PLEASE NOTE THAT THE ISSUE SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the dematerialised form is as under:

a. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of the Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of the Company). In case of Investors having various folios in the Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

b. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of the Company or the Depositories.

c. The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

d. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Equity Shares and the Application Form will be rejected.

e. The Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with IEPF authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by e-mail and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.

f. Non-transferable Allotment advice/ refund intimation will be directly sent to the Investors by the Registrar, by e-mail and, if the printing is feasible, through physical dispatch.

g. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

XIII. IMPERSONATION

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act which is reproduced below:

"Any person who-

a. makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
b. makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
c. otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹10.00 lakh or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹10.00 lakh or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹50.00 lakh or with both.

XIV. UTILISATION OF ISSUE PROCEEDS

The Board declares that:

1. All monies received out of this Issue shall be transferred to a separate bank account;
2. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised; and
3. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

XV. UNDERTAKINGS BY THE COMPANY

The Company undertakes the following:

a. The complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily.

b. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Issue Shares are to be listed will be taken by the Board within seven Working Days of finalization of Basis of Allotment.

c. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by the Company.

d. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

e. In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

f. Adequate arrangements shall be made to collect all ASBA applications.

g. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVI. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

a. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

b. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and super scribed 'Gennex Laboratories Limited – Rights Issue 2022' on the envelope and postmarked in India or in the e-mail) to the Registrar at the following address:

Bigshare Services Private Limited
Corporate Office:
S6-2, 6th floor Pinnacle Business Park,
Next to Ahura Centre, Mahakali Caves Road,
Andheri (East), Mumbai – 400072
Tel. No.: +91 – 22 – 6263 8200
e-mail: rightsissue@bigshareonline.com
Website: www.bigshareonline.com
Contact Person: Mr. Vijay Surana
SEBI Regn No: INR000001385

c. In accordance with SEBI Rights Issue Circular, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar (www.bigshareonline.com). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 – 22 – 6263 8222.

d. The Investors can visit following links for the below-mentioned purposes:

i. Frequently asked questions and online / electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: www.bigshareonline.com

ii. Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or the Company: www.bigshareonline.com

iii. Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: www.bigshareonline.com

iv. Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: .rightsissue@bigshareonline.com

This Issue will remain open for a minimum 15 days. However, the Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment **(FDI)** and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) **(DPIIT)**, Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 **(FDI Circular 2020)**, which, with effect from October 15, 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict, the relevant notification under Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 will prevail. The payment of inward remittance and reporting requirements are stipulated under the Foreign Exchange Management (Mode of Payment and Reporting of Non- Debt Instruments) Regulations, 2019 issued by RBI The FDI Circular 2020, issued by the DPIIT, consolidates the policy framework in place as on October 15, 2020, and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e., any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and the Company will not be responsible for any allotments made by relying on such approvals.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies **(OCBs)** have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non- resident must do so in accordance with the FDI Circular 2020 and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019. Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. The Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. The Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Issue Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, its accompanying documents or any other material relating to the Company, the Rights Entitlements or the Equity Shares in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with SEBI and the Stock Exchanges.

The Rights Entitlements and Issue Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States (other than to persons in the United States who are U.S. QIBs and QPs).

The Rights Entitlements or the Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Equity Shares, applying for excess Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Equity Shares.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Equity Shares, or who purchases the Rights Entitlements, or the Equity Shares shall do so in accordance with the restrictions in their respective jurisdictions.

SECTION X: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by the Company.

Copies of the aforementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days from the date of the Letter of Offer until the Issue Closing Date.

A. **Material Contracts**

   a. Issue Agreement dated 2nd May, 2022 entered between the Company and the Lead Manager.

   b. Registrar Agreement dated 2nd May, 2022 entered between the Company and the Registrar to the Issue.

   c. Escrow Agreement dated 14th July, 2022 entered amongst the Company, the Lead Manager, the Registrar to the Issue and Banker(s) to the Issue.

   d. Tripartite Agreement dated 17th August, 2001 entered between the Company, Registrar and Share Transfer Agent and NSDL.

   e. Tripartite Agreement dated 2nd May, 2001 entered between the Company, Registrar and Share Transfer Agent to the Issue and CDSL.

B. **Material Documents in relation to the Issue**

   1. Certified copy of the updated Memorandum of Association and Articles of Association of the Company, as amended from time to time.

   2. Fresh Certificate of Incorporation dated 22nd February, 1995 for conversion of the Company into a public limited company that also mentions the original date of incorporation of as 25th June, 1985 in the name of Pharmasia Drugs and Chemicals Private Limited.

   3. Fresh Certificate of Incorporation dated 19th September, 2007 for change of name of the Company to Gennex Laboratories Limited that also mentions the earlier name of Prudential Pharmaceuticals Limited incorporated on 29th March, 1990. The name of the Company was changed from Pharmasia Drugs and Chemicals Private Limited to Prudential Pharmaceuticals Limited.

   4. Certified copy of resolution passed by the Board dated 6th April, 2022 in relation to approval of the Issue and other related matters.

   5. Consents of the Directors, Company Secretary and Compliance Officer, the Lead Manager, Statutory Auditors, Banker(s) to the Company. Banker(s) to the Issue, and the Registrar to the Issue for inclusion of their names in the Letter of Offer to act in their respective capacities.

   6. Consent letter from the Statutory Auditor dated 28th March, 2022 to include their name in the Letter of Offer.

   7. In principle listing approval dated 30th June, 2022 issued by BSE.

   8. Statement of special tax benefits dated 18th April, 2022 from the Statutory Auditors.

   9. Financial Statement of the Company for the FY 2021-22.

   10. The Independent Audit report of the Statutory Auditors dated 30th May, 2022 on the Audited Consolidated Financial Statements of the Company.

   11. Prospectus in respect of the initial public offering of Equity Shares by the Company in the name of its erstwhile name of Prudential Pharmaceuticals Limited.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time, if so required, in the interest of the Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby declare that all relevant provisions of the Companies Act and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Sd/- **Arihant Baid** Chairman and Managing Director	Sd/- **T.M.Gopalakrishnan** Whole-time Director
Sd/- **Y. Ravinder Reddy** Non – Executive, Independent Director	Sd/- **Sadhana Bhansali** Non – Executive, Independent Director
Sd/- **Mr. A.S.Nageswar Rao** Non – Executive, Independent Director	Sd/- **A R R Pantulu** Non – Executive, Independent Director

SIGNED BY THE CHIEF OPERATING OFFICER, CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY OF THE COMPANY:

Sd/-

K V L N Bhaswanth

Chief Operating Officer

Sd/-

Laxmipat Baid

Chief Financial Officer

Sd/-

Rajesh Vankadara

Company Secretary & Compliance Officer

Date: 16th July, 2022

Place: Hyderabad