LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as a shareholder of Zenotech Laboratories Limited ("Target Company"). If you require any clarifications about the action to be taken, you may consult your stockbroker or your investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your shares in the Target Company, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the member of the stock exchange through whom the said sale was effected.

Ranbaxy Laboratories Limited

Registered Office: A-11, Industrial Area Phase III, Sahibzada Ajit Singh Nagar, District Mohali, Punjab – 160055
(Tel: +91-172-2271450; Fax: +91-172-2226925)
(the "Acquirer")

MAKES A CASH OFFER AT Rs. 160 (RUPEES ONE HUNDRED AND SIXTY ONLY) PER FULLY PAID UP EQUITY SHARE TO ACQUIRE 68,93,000 FULLY PAID UP EQUITY SHARES OF FACE VALUE OF Rs. 10 EACH REPRESENTING 20% OF THE EXPANDED VOTING CAPITAL OF

Zenotech Laboratories Limited

Registered Office: 8-2-120/112/88-89, Park View Estate, 4th Floor, Road No. 2, Banjara Hills, Hyderabad – 500034
(Tel: +91-40-23540994; Fax: +91-40-23555465)
(the "Target Company")

Please Note:

1) This Offer is being made pursuant to and in accordance with regulations 10 and 12 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, and subsequent amendments thereof (the "Regulations").
2) This Offer is neither conditional nor subject to any minimum level of acceptance by shareholders of the Target Company.
3) The Offer is subject to the approval of the Reserve Bank of India under the Foreign Exchange Management Act, 1999 for acquiring the Shares tendered by non-resident persons under the Offer. Please refer to Section 7 of this Letter of Offer for further details.
4) If the aggregate of the valid responses exceed 68,93,000 Shares, then the Acquirer shall accept 68,93,000 Shares, on a proportionate basis, in consultation with the Manager to the Offer, in accordance with regulation 21(6) of the Regulations.
5) If there is any upward revision of the Offer Price by the Acquirers till the last permitted date for revision, viz. January 4, 2008, or withdrawal of the Offer, the same would be informed by way of a public announcement in the same newspapers in which the original Public Announcement dated October 5, 2007 had appeared. Such revised offer price would be payable for all the Shares validly tendered anytime during the Offer and accepted under the Offer.
6) Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, can withdraw the same up to three working days prior to the closure of the Offer. Requests for such withdrawals should reach the designated collection centres before the close of business hours on January 10, 2008.
7) There has been no competitive bid.
8) A copy of the Public Announcement and this Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) is expected to be available on the website of Securities and Exchange Board of India ("SEBI") (http://www.sebi.gov.in).

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
Rabo India Securities Private Limited 2nd Floor, Forbes Building Charanjit Rai Marg, Fort Mumbai – 400001 Tel: +91-22-22034567 Fax: +91-22-22037078 Contact Person: Abhinav Agarwal Email: abhinav.agarwal@rabobank.com	Karvy Computershare Private Limited Plot No. 17 to 24, Vithalrao Nagar Hi-Tech City Road, Madhapur Hyderabad – 500081 Tel: +91-40-23420818 to 828 Fax: +91-40-23420814 Contact Person: S.D. Prabhakar Email: prabhakar@karvy.com

Activity	Original Schedule		Revised Schedule	
	Date	Day	Date	Day
Date of Public Announcement (the "PA")	October 5, 2007	Friday	October 5, 2007	Friday
Specified Date	October 26, 2007	Friday	October 26, 2007	Friday
Last date for a competitive bid, if any	October 26, 2007	Friday	October 26, 2007	Friday
Date by which Letter of Offer will be dispatched to the shareholders	November 12, 2007	Monday	December 20, 2007	Thursday
Offer Opening Date	November 19, 2007	Monday	December 24, 2007	Monday
Last date for revising the Offer Price / Offer Size	November 26, 2007	Monday	January 4, 2008	Friday
Last date for withdrawing acceptance of the Offer by shareholders	December 3, 2007	Monday	January 10, 2008	Thursday
Offer Closing Date	December 8, 2007	Saturday	January 15, 2008	Tuesday
Date by which the acceptance / rejection would be intimated and the corresponding payment for the acquired Shares and / or the share certificate(s) / demat delivery instruction for the rejected Shares will be dispatched / issued	December 21, 2007	Friday	January 28, 2008	Monday

RISK FACTORS:

Risks related to the Offer

- Acceptance of the equity shares of the Target Company tendered in the Offer is subject to receipt of the statutory approvals, as mentioned in Section 7 of this Letter of Offer. In the event, any of the required statutory approvals is refused, the Offer would stand withdrawn in terms of the Regulations. For further details, see Section 7 of this Letter of Offer.
- In the event that either (i) a regulatory approval is not received in time; (ii) there is any litigation leading to a stay on the Offer; or (iii) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of the Target Company whose equity shares have been accepted in the Offer as well as the return of the shares not accepted by the Acquirer may be delayed. In case of delay due to non-receipt of statutory approvals, as per regulation 22(12) of the Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to any wilful default or negligence on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, as may be specified by SEBI. Further, shareholders should note that after the last date of withdrawal, i.e. January 10, 2008, shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered Shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.
- The Shares tendered in the Offer will lie to the credit of a designated escrow account, till the completion of the Offer formalities. The Acquirer makes no assurance with respect to the market price of the Shares both during the Offer period and upon completion of the Offer, and disclaims any responsibility with respect to any decision by shareholders on whether or not to participate in this Offer.

Risks related to associating with the Acquirer

- The Acquirer makes no assurances with respect to the financial performance of the Target Company. The Acquirer also makes no assurances with respect to its investment / divestment decisions relating to its proposed shareholding in the Target Company.

Risks related to the Transaction:

- The transaction is subject to completion risks as would be applicable to similar transactions.

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KEY DEFINITIONS

Accountants	Walker, Chandiok & Co., Chartered Accountants, L-41 Connaught Circus, New Delhi – 110001
Acquirer / RLL	Ranbaxy Laboratories Limited, a Company incorporated under the Companies Act, 1956, having its registered office at A-11, Industrial Area Phase III, Sahibzada Ajit Singh Nagar, District Mohali, Punjab – 160055
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CII	Confederation of Indian Industry
CSE	The Calcutta Stock Exchange Association Limited
DP	Depository Participant
Eligible Person(s) for the Offer	All owners (registered or unregistered) of Shares of Target Company (other than the Acquirer and the Sellers) anytime before the closure of the Offer
Expanded Voting Capital	The issued and fully paid-up equity capital of the Target Company subsequent to the Preferential Issue and assuming that all of the 165,000 stock options of the Target Company outstanding as on the date of the PA are exercised
FEMA	Foreign Exchange Management Act, 1999
Form of Acceptance	Form of Acceptance-cum-Acknowledgement attached to this Letter of Offer
FY	Financial year ending March 31st
Letter of Offer	This Letter of Offer dated October 19, 2007
Manager to the Offer	Rabo India Securities Private Limited, the merchant bankers appointed by the Acquirer pursuant to regulation 13 of the Regulations, having its registered office at 2nd Floor, Forbes Building, Charanjit Rai Marg, Fort, Mumbai – 400001
Maximum Consideration	Total consideration payable by the Acquirer under this Offer assuming full acceptance by Eligible Person(s) for the Offer, amounting to Rs. 110,28,80,000.
NSDL	National Securities Depository Limited
Offer	This offer being made by the Acquirer for 68,93,000 Shares to the public shareholders of the Target Company at the Offer Price payable in cash
Offer Price	Price of Rs. 160 (Rupees One Hundred and Sixty only) per Share
Offer Size	68,93,000 Shares representing 20% of the Expanded Voting Capital of the Target Company
Preferential Issue	Preferential allotment of the Preferential Shares by the Target Company to the Acquirer, pursuant to the SSA
Preferential Shares	The 54,89,536 Shares issued by the Target Company to the Acquirer under the Preferential Issue
Promoters	Dr. Jayaram Chigurupati, Mrs. Padmasree Chigurupati and Zenotech LLC
Public Announcement / PA	Announcement of this Offer made on behalf of the Acquirer to the Shareholders of the

	Target Company published on October 5, 2007 which appeared in all editions of Financial Express, all editions of Jansatta, Mumbai edition of Punya-Nagri and Hyderabad edition of Andhra Prabha
RBI	Reserve Bank of India
Registrar to the Offer	Karvy Computershare Private Limited, the registrar appointed by the Acquirer, having its registered office at 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad-500034
Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 and subsequent amendments thereto
Sale Shares	78,78,906 Shares to be acquired by the Acquirer from the Sellers/Promoters under the SPA
SEBI	Securities and Exchange Board of India
SEBI DIP Guidelines	Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto
Sellers	Dr. Jayaram Chigurupati, Mrs. Padmasree Chigurupati and Zenotech LLC
Share(s)	Fully paid-up equity share(s) of the Target Company having a face value of Rs. 10 each
Shareholders	Shareholders of the Target Company
SPA	The Share Purchase Agreement dated October 3, 2007, entered into by the Acquirer with the Sellers, for purchase of 78,78,906 Shares of the Target Company from the Sellers
Specified Date	October 26, 2007, being the date for the purpose of determining the names of the Shareholders to whom the Letter of Offer will be sent
SSA	Share Subscription Agreement dated October 3, 2007, entered into by and between the Acquirer, the Target Company and the Promoters for the issuance of Preferential Shares of the Target Company to the Acquirer
Stock Exchanges	BSE and CSE
Target Company / ZLL	Zenotech Laboratories Limited, a Company incorporated under the Companies Act, 1956, having its registered office at 8-2-120/112/88-89, Park View Estate, 4th Floor, Road No. 2, Banjara Hills, Hyderabad – 500034

Note: All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meanings ascribed thereto in the Regulations.

1. DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF ZENOTECH LABORATORIES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, THE MERCHANT BANKER, RABO INDIA SECURITIES PRIVATE LIMITED, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED OCTOBER 19, 2007 TO SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSE OF THE OFFER.

2. DETAILS OF THE OFFER

2.1. Background of the Offer

2.1.1. This open offer (the "Offer") is being made by Ranbaxy Laboratories Limited ("RLL" or the "Acquirer") to the shareholders of Zenotech Laboratories Limited (the "Target Company") in compliance with regulations 10 and 12 of the Regulations as a result of substantial acquisition of shares and voting rights which may be accompanied with a change in control of the Target Company. This Offer is subject to the receipt of certain approvals as more fully set forth in the section titled "Statutory Approvals".

2.1.2. On October 3, 2007, the Acquirer entered into a Share Purchase Agreement (the "SPA") with the existing promoters of the Target Company comprising Dr. Jayaram Chigurupati (Address: 770E, Road No. 44, Jubilee Hills, Hyderabad – 500033; Phone: +91-40-23543002), Mrs. Padmasree Chigurupati (Address: 43, Tanner Drive, Princeton, NJ 08540, United States of America; Phone: +1-732-4388833; Fax: +1-732-4386985) and Zenotech LLC (Address: Corporation Trust Centre, 1209 Orange Street, Wilmington, New Castle, County Delaware 19801, United States of America; Phone: +1-732- 4381622; Fax: +1-732-4381623) (collectively referred to as the "Sellers" or the "Promoters") and the Target Company to acquire 78,78,906 fully paid-up equity shares (the 'Sale Shares') representing 27.35% of the present issued and fully paid-up equity capital of the Target Company (as provided in paragraph 5.5) at a price of Rs. 160/- (Rupees One Hundred and Sixty only) per fully paid-up equity share from the Sellers. The total consideration, payable in cash, for the transaction is Rs. 126,06,24,960 (Rupees One Hundred and Twenty Six Crores, Six Lakhs, Twenty Four Thousand, Nine Hundred and Sixty only). The completion of the transaction is subject to fulfilment of certain conditions precedent as specified in the SPA, including the issuance of shares to the Acquirer under the Preferential Issue (as defined in paragraph 2.1.3).

The salient features of the SPA are:

1. In terms of the SPA, after the Sellers deposit the Sale Shares in an escrow account, the Acquirer shall deposit the total consideration payable to the Sellers under the SPA in an escrow account (both actions completed on November 8, 2007) which shall be paid to the Seller upon completion of the Acquirer's obligations under the Regulations.
2. Upon completion of the Acquirer's obligations, the Sale Shares will be transferred to the beneficiary account of the Acquirer.

3. The sale of the Sale Shares is subject to the fulfilment of the certain condition precedent under the SPA. The main conditions precedent are:

   (i) Completion of the 20% Open Offer to the Shareholders, besides the Seller and the Acquirer, of the Company made by Ranbaxy, in accordance with the Substantial Acquisition of Shares and Takeover Regulations, 1997.

   (ii) Receipt of BSE permission to lift the lock-in on the Sale Shares which are under lock-in till March 8, 2010 (since received). Continuation of the lock-in of such shares in the hands of the Acquirer on provision of relevant undertaking in this regard by the Acquirer (since done).

   (iii) Necessary permission from banks and lenders for the sale of Sale Shares to the Purchaser to be obtained and furnished to the Purchaser by the Seller.

4. After completion of activities contemplated under the SPA and SSA, the Promoters will have 85,75,000 Shares left in the Company representing approximately 25% of the Expanded Voting Capital. The Promoters shall be free to sell such 85,75,000 Shares subject to a right of first refusal and other restrictions. Of these, 51,00,000 Shares shall be subject to a further milestone based lock-in period agreed between the Promoters and the Acquirers, for which duration these Shares shall be put in an escrow with a third party.

5. The SPA is not to be acted upon by the Acquirer or the Sellers unless all the provisions of the Regulations are complied with by the Acquirer and the Seller.

2.1.3. Further, on October 3, 2007, the board of directors of the Target Company agreed to issue and allot on a preferential basis 54,89,536 fully paid-up equity shares of face value of Rs. 10/- each (the "Preferential Shares") of the Target Company for cash at a price of Rs. 160/- (Rupees One Hundred and Sixty only) per fully paid-up equity share (the "Preferential Issue"), subject to the approval of the shareholders of the Target Company. The Acquirer has entered into a Share Subscription Agreement, dated October 3, 2007, with the Target Company and the Promoters (the "SSA") wherein the Target Company will issue the Preferential Shares to the Acquirer at a price of Rs 160/- (Rupees One Hundred and Sixty only) per fully paid-up equity share, amounting to approximately 16% of the Expanded Voting Capital (as defined in paragraph 2.1.5). This Preferential Issue is being made in accordance with the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and the subsequent amendments thereto ("SEBI DIP Guidelines"). The subscription and allotment of the Preferential Issue was subject to certain conditions precedent being fulfilled under the SSA including approval of the shareholders of the Target Company under Section 81(1A) of the Companies Act, 1956 and other applicable provisions. . The Annual General Meeting of the Target Company's shareholders was held on November 8, 2007 and the Preferential Issue was approved by way of a special resolution. Subsequently the Preferential Shares were alloted to the Acquirer on November 23, 2007. BSE has granted in-principle approval for the listing of the Preferential Shares and the final application for listing of the same to the BSE is pending.

2.1.4. As on the date of the PA, the Acquirer held 20,00,000 fully paid-up equity shares of the Target Company representing approximately 6.94% of the present issued and fully paid-up equity capital of the Target Company. These shares were allotted by the Target Company to the Acquirer on August 25, 2006 at a price of Rs. 100/- (Rupees One Hundred only) per fully paid-up equity share of face value of Rs. 10/- each.

2.1.5. As a result of the Preferential Issue, the issued and fully paid-up equity capital of the Target Company has increased to 3,43,00,000 fully paid-up equity shares of Rs. 10 each. Further, 1,65,000 stock options of the Target Company issued to some employees and Directors of the Target Company on July 17,2006, were outstanding as on the date of the PA. Assuming that all such options are exercised, the issued and fully paid-up equity capital of the Target Company will further increase to 3,44,65,000 fully paid-up equity shares of Rs. 10 each (the "Expanded Voting Capital").

2.1.6. The Acquirer, as a result of the acquisition of Sale Shares under the SPA and subscription to the Preferential Shares under the Preferential Issue, including the 20,00,000 equity shares already held by it, will hold an aggregate of 1,53,68,442 fully paid-up equity shares representing 44.59% of the Expanded Voting Capital.

2.1.7. The consummation of the transactions under the SPA and the SSA will not result in any change in control of the Target Company. However, should the number of Shares validly tendered and accepted under this Offer result in the aggregate shareholding of the Acquirer in the Target Company to exceed 50%, this Offer may lead to a change in control of the Target Company. Hence, this Offer is also being made under regulation 12 of the Regulations.

2.1.8. Under the SPA, the Acquirer has the right to appoint the Chairman of the Board of Directors of the Target Company, post the completion of the Offer and the consummation of the transactions as envisaged under the SPA and the SSA. This nominee of the Acquirer shall be determined at the time of appointment, subsequent to completion of all requirements under the Regulations. The Acquirer reserves the right to seek reconstitution of the Board of Directors of the Target Company, in accordance with the provisions contained in the Regulations and the Companies Act, 1956.

2.1.9. Neither the Acquirer nor the Target Company nor the Sellers have been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B or any other regulations made under the SEBI Act, 1992.

2.1.10. The Acquirer has neither acquired nor has been allotted any Shares of the Target Company during the 12 month period prior to the date of the PA.

2.2. Details of the proposed Offer

2.2.1. In accordance with regulation 15 of the Regulations, the Acquirer made a Public Announcement on October 5, 2007, which appeared in the following newspapers:

Publication	Language	Editions
Financial Express	English	All editions i.e. Delhi, Mumbai, Kolkata, Chennai, Hyderabad, Bangalore, Ahmedabad, Pune, Chandigarh and Kochi
Jansatta	Hindi	All editions i.e. Delhi, Chandigarh, Lucknow and Kolkata,
Punya - Nagri	Marathi	Mumbai
Andhra Prabha	Telugu	Hyderabad

A copy of the Public Announcement is also expected to be available on SEBI's website (www.sebi.gov.in)

2.2.2. Pursuant to this Offer, the Acquirer proposes to acquire from the existing non-promoter shareholders of the Target Company upto 68,93,000 fully paid-up equity shares of the Target Company (the "Offer Size") representing 20% of the Expanded Voting Capital at a price of Rs. 160/- (Rupees One Hundred and Sixty only) for each fully paid-up equity share of the Target Company ("Share") (such price, the "Offer Price"), to be paid in cash in accordance with the Regulations. This Offer is not conditional upon any minimum level of acceptance or any differential pricing.

2.2.3. Subject to the maximum of the Offer Size, all the Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirer.

2.2.4. The Shares to be acquired under this Offer are to be free from all liens, charges and encumbrances and will be acquired together with all rights attached thereto, including the right to all dividends, bonus and rights offer declared hereafter.

2.2.5. This Offer is made to all Shareholders of the Target Company except the Acquirer and the Sellers.

2.2.6. The Acquirer has not acquired any Shares since the date of the PA except as disclosed in paragraph 2.1.2 and 2.1.3.

2.2.7. There are no partly paid shares in the Target Company.

2.3. Object of the acquisition / Offer

2.3.1. The acquisition of substantial Shares in the Target Company provides the Acquirer a strong platform in the high growth markets of biologics and speciality injectables, including oncology. Biologics is becoming a critical part of the pharmaceutical industry and oncology is one of the fastest growing therapy areas in the global markets. For the Target Company, the acquisition will allow it to focus on its core competencies of drug development and specialised manufacturing, particularly in biologics. Additionally, it will provide the

Target Company access to the Acquirer's expertise in quality, compliance, regulatory and intellectual property rights, in addition to the Acquirer's global market presence. Both the Acquirer and the Target Company will benefit from aligning competencies and resources for realising synergistic values.

2.3.2. The Offer to the Shareholders is being made pursuant to regulations 10 and 12 of the Regulations involving Substantial Acquisition of Shares and voting rights which may be accompanied with a change in control of the Target Company, as more fully described in paragraph 2.1.7.

3. BACKGROUND OF THE ACQUIRER

3.1. Details of the Acquirer

3.1.1. The details of RLL are provided in the table below:

Name	Ranbaxy Laboratories Limited
Address of the registered office	A-11, Industrial Area Phase III, Sahibzada Ajit Singh Nagar, District Mohali, Punjab - 160055 (Tel: +91-172-2271450; Fax: +91-172-2226925)
Address of the corporate office	Plot No.90, Sector 32, Gurgaon-122001, Haryana (Tel: +91-124-4135000; Fax: +91-124-4135001)
Listing status	The equity shares of RLL are currently listed on the BSE and the National Stock Exchange of India Limited. The global depository receipts of RLL are listed on the Stock Exchange at Luxembourg and the foreign currency convertible bonds are listed on the Singapore Exchange Securities Trading Limited.
Promoters	RLL's promoters are Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh along with their family members and associates.
Primary business	RLL is one of the leading pharmaceutical companies in India and is ranked amongst the top ten global generic pharmaceutical companies. It has marketing presence in 49 countries, manufacturing facilities in 11 countries and a diverse product portfolio.
Corporate history	The Acquirer was incorporated on June 16, 1961 as Lepetit Ranbaxy Laboratories Limited. On August 24, 1966, it changed its name to Ranbaxy Laboratories Limited and on October 28, 1970 changed its constitution from a public limited company to a private limited company. Thereafter, the Acquirer reverted to its constitution of a public limited company on September 27, 1973 and was publicly listed on the BSE on February 9, 1974.

3.1.2. There are no "Persons Acting in Concert" within the meaning of regulation 2(1)(e) of the Regulations in relation to the Offer.

3.1.3. The applicable provisions of Chapter II of the Regulations vis-à-vis the Target Company have been complied with by the Acquirer within the time specified in the Regulations.

3.1.4. The details of the Board of Directors of RLL are given below:

Name	Appointment Date	Designation	Residential Address
Mr. Harpal Singh	July 10, 2000	Non-Executive Chairman (Non-Independent)	B-10, Anand Niketan, New Delhi -110021
Dr. Brian W. Tempest	July 9, 2001	Chief Mentor & Executive Vice Chairman	Bhargava Farm, Chandanhola - Chattarpur Road, Chattarpur, New Delhi
Mr. Malvinder Mohan Singh	January 1, 2004	Chief Executive Officer & Managing Director (Promoter)	Vistas 26, Maulsari Avenue, Westend Green Farms, Rajokri, New Delhi – 110038
Mr. Atul Sobti	January 18, 2007	Chief Operating Officer & Whole-	909, South City Heights, South City,

Name	Appointment Date	Designation	Residential Address
		time Director	Gurgaon-122001, Haryana
Mr. Shivinder Mohan Singh	January 18, 2006	Non-Executive Director (Promoter)	1, South End Lane, New Delhi – 110011
Mr. Ramesh L. Adige	January 18, 2005	Whole-time Director - Corporate Affairs and Global Corporate Communications	C-12, 1st Floor, Hauz Khas, New Delhi – 110016
Mr. Sunil Godhwani	May 31, 2007	Non-Executive Director (Non-independent)	A-2, Inayat Farm, Fatehpur Beri, Asola Mehrauli, New Delhi -110030
Mr. Gurcharan Das	January 23, 2004	Independent Director	124 Jor Bagh, New Delhi – 110003
Mr. Nimesh N. Kampani	November 20, 1997	Independent Director	123, Maker Tower 'B', 12th Floor, Cuffe Parade, Mumbai – 400005
Dr. P.S. Joshi	May 9, 1995	Independent Director	Maharaj Sawan Singh Charitable Hospital, Beas -143201, Punjab
Mr. Ravi Mehrotra	July 28, 2005	Independent Director	Apartment No. 303, Taj Wellington Mews, 33 Nathalal Parekh Marg, Mumbai -400001
Mr. Surendra Daulet-Singh	August 1, 1997	Independent Director	Flat No. 2, 11 Aurangzeb Road, New Delhi – 110011
Mr. Vinay K. Kaul	January 1, 2004	Independent Director	8202 and 8204, B-11, Vasant Kunj, New Delhi -110070
Mr. Vivek Bharat Ram	September 18, 1992	Independent Director	23/24, Maulsari Avenue, Westend Green Farms Phase-I, Rajokri, New Delhi -110038
Mr. Vivek Mehra	July 9, 2001	Independent Director	B-314, New Friends Colony, New Delhi -110 065

None of these directors is on the Board of Directors of the Target Company.

3.1.5. The details of experience and qualifications of the Board of Directors of RLL are given below:

Mr. Harpal Singh, Non-Executive Chairman

Mr. Harpal Singh has a diverse and wide-ranging experience of more than 26 years in the corporate sector. An alumnus of The Doon School, he holds a B.A. degree in Economics from St. Stephens College, Delhi. He also holds a B.S. degree in Economics and a Masters' Degree in Public Affairs from the California State University at Hayward, California, USA. Mr. Singh started his career with the Tata Administrative Service and has since held senior positions in Hindustan Motors and TELCO and board level responsibility at Shaw Wallace.

In addition to RLL, Mr. Singh is also a Director in Fortis Healthcare Limited, SRL Ranbaxy Limited, Escorts Heart Institute and Research Centre Limited, Fortis Clinical Research Limited and Religare Enterprises Limited.

Dr. Brian W. Tempest, Chief Mentor & Executive Vice Chairman

Dr. Brian W. Tempest has worked in the pharmaceutical industry for 35 years, having had responsibilities for operations in USA, Japan, Europe, and emerging markets. During the first 14 years of his career, Dr. Tempest worked for Beecham and GD Searle in a variety of sales, marketing and country management roles based in the UK. In 1985, he joined Glaxo Holdings as Regional Director responsible for the Far East Region, including Japan, China, Korea, Taiwan and the Africa and Middle East Region. He subsequently joined Fisons plc as Worldwide Commercial Operations Director. In 1995, Dr Tempest joined RLL as Regional Director, Europe, CIS and Africa, and in 2000 was promoted to become President (Pharmaceuticals) Worldwide, based in New Delhi. He was subsequently elected to the Board of Directors of the company. In 2003, the Board appointed him as Joint Managing Director and CEO Designate, and in 2004 he took over as CEO and Managing Director of RLL. Subsequently in 2006, he was appointed by the Board to the position of Chief Mentor and Executive Vice Chairman. Dr. Tempest has a PhD in Chemistry from Lancaster University, UK. He is also an Honorary Professor of the Management School at Lancaster University.

Other than RLL, Dr. Tempest is not a Director of any other Indian company.

Mr. Malvinder Mohan Singh, Chief Executive Officer & Managing Director (Promoter)

Mr. Malvinder Mohan Singh graduated in Economics from St. Stephen's College, Delhi and holds an MBA from the Fuqua School of Business, Duke University, USA. Prior to assuming charge as CEO and MD, Mr. Singh was President, Pharmaceuticals and Executive Director at RLL, responsible for the global operations covering pharmaceuticals, active pharmaceutical ingredients and manufacturing. Earlier, Mr. Singh also led RLL's India operations as Regional Director. Mr. Singh has comprehensive understanding of the pharmaceutical business and has worked in intensely competitive markets in roles as diverse as General Management, Sales & Marketing, Finance and Business Development.

Mr. Singh is a member of the National Council for the Confederation of Indian Industries ("CII"). He is also the Co-Chairman of the National committee on Intellectual Property Rights, CII. Recently, he was nominated to the 'Young Global Leaders', World Economic Forum.

In addition to RLL, Mr. Singh is also a Director in Oscar Investments Limited, Fortis Financial Services Limited, Fortis Healthcare Limited, SRL Ranbaxy Limited, Fortis Healthcare Holdings Limited, Shimal Research Laboratories Limited, Ranbaxy Holding Company, Malav Holdings Private Limited, Luxury Farms Private Limited, Chetak Pharmaceuticals Private Limited, A-1 Book Company Private Limited, Fortis Clinical Research Limited, Vistas Realtors Private Limited, Religare Enterprises Limited, Escorts Heart Institute & Research Centre Limited, Oscar Holdings Private Limited, Religare Insurance Holding Company Limited, Aegon Religare Life Insurance Company Limited and Regius Aviation Limited.

Mr. Atul Sobti, Chief Operating Officer & Whole-time Director

Mr. Atul Sobti is responsible for the global business operations of RLL encompassing pharmaceuticals, consumer healthcare, active pharmaceutical ingredients, manufacturing and generics research. Mr. Sobti joined Ranbaxy in October 2005 as the President, India, Middle East, Asia Pacific and the Global Consumer Healthcare business and was elevated to his current position in January 2007. Prior to joining RLL, he was the Executive Director, Sales, Marketing, Finance and HR at Hero Honda. During his 30 year career, Mr. Sobti has gained experience across diverse industries including durables, information technology, services, automobiles and now, pharmaceuticals. Mr. Sobti completed his graduation in Economics from St. Stephen's College, Delhi and is an alumnus of the Indian Institute of Management, Ahmedabad.

Other than RLL, Mr. Sobti is not a Director of any other Indian Company.

Mr. Shivinder Mohan Singh, Non-Executive Director (Promoter)

Mr. Shivinder Mohan Singh is an alumnus of the Doon School and a graduate in Mathematics from St. Stephens College, Delhi. Mr. Singh has completed his MBA with specialization in health management from the Fuqua School of Business, Duke University, USA. He is one of the promoters of Fortis Healthcare & SRL Ranbaxy. He led the acquisition of Escorts Heart Institute & Research Center, New Delhi.

In addition to RLL, Mr. Singh is also a Director in Escorts Heart Institute & Research Centre Limited, Fortis Healthcare Limited, Oscar Investments Limited, Ranbaxy Holding Company, Ranbaxy Healthcare Private Limited, Chetak Pharmaceuticals Private Limited, R.C. Nursery Private Limited, A-1 Book Company Private Limited, Fortis Healthcare Holdings Limited, Religare Enterprises Limited, SRL Ranbaxy Limited, Fortis

Clinical Research Limited, Greenview Buildtech Private Limited, Oscar Holdings Private Limited, Regius Aviation Limited, Religare Insurance Holding Company Limited and Regius Infotech Private Limited.

Mr. Ramesh L. Adige, Whole-time Director-Corporate Affairs and Global Corporate Communications

Mr. Ramesh L. Adige has work experience of over 30 years, with expertise in the fields of marketing, public policy and public affairs and spearheads the Corporate Affairs team at RLL. He represents RLL in the Executive Committee of the Indian Pharmaceutical Alliance, the Indian pharmaceutical industry body. He is also an active participant in CII and Federation of Indian Chambers of Commerce and Industry (FICCI). Prior to RLL, Mr. Adige has worked with Fiat India as Whole-time Director (Corporate Affairs).

He has also been President of the Governing Council of The Automotive Research Association of India, Pune and a member of the Executive Committee of the Society of Indian Automobile Manufacturers of India. Mr. Adige is an alumnus of BITS Pilani and the Faculty of Management Studies, Delhi.

In addition to RLL, Mr. Adige is also a Director in Fortis Healthcare Limited.

Mr. Sunil Godhwani - Non-Executive Director (Non-independent)

Mr. Sunil Godhwani is the CEO & Managing Director of Religare Enterprises Limited and Chairman and Managing Director of Religare Securities Limited.. He has over 20 years of work experience and holds a B.Sc. degree in Chemical Engineering and a M.Sc. degree in Industrial Engineering & Finance from Polytechnic Institute of New York.

In addition to RLL, Mr. Godhwani is also a Director in Religare Enterprises Limited, Fortis Financial Services Limited, Religare Commodities Limited, Religare Finvest Limited, Religare Venture Capital Private Limited, Religare Wealth Management Services Limited, Religare Insurance Holding Company Limited, Regius Aviation Limited, AEGON Religare Life Insurance Company Limited, SRL Ranbaxy Limited and Regius Infotech Private Limited.

Mr. Gurcharan Das - Independent Director

Mr. Gurcharan Das is a graduate magna cum laude from Harvard University. He is an author and management consultant and advises companies on global corporate strategy. He was CEO of Procter & Gamble - India and Vice President, Procter & Gamble Far East during 1985-92 and thereafter Vice President and Managing Director, Procter & Gamble worldwide until 1995. Prior to this, he was Chairman & Managing Director of Richardson Hindustan Limited during 1981-85. Mr. Das was a Fellow at Harvard University's Kennedy School in 1992 and periodically lectures at Harvard University.

Mr. Das is the author of the international best seller, "India Unbound", which has been published in many countries and languages and filmed by BBC. He writes a regular column for the Times of India and occasional articles for the Wall Street Journal and other newspapers. Penguin Books has published his novel, "A Fine Family", which is being made into a film by Shyam Benegal.

In addition to RLL, Mr. Das is also a Director in Gurcharan Das Consultants Private Limited, Crest Animation Studio Limited, Ankar Capital Private Limited, Birla Capital International Trustee Company, Mastek Limited, Fortis Healthcare Limited, Berger Paints India Limited, SKS Microfinance Private Limited, IDBI Capital Market Services Limited and Gillette India Limited.

Mr. Nimesh N. Kampani - Independent Director

Mr. Nimesh N. Kampani is a graduate from Sydenham College, Mumbai and a Chartered Accountant by profession. He is the key promoter of J.M. Financial and Investment Consultancy Services Limited and has turned it into one of the leading investment banking companies in India. His company has played a pivotal role in the development of primary capital markets in India. Honoured and recognised for his experience, he has been and is a member and consultant with various reckoning names in the industry.

Mr. Kampani is an eminent investment banker and is on the Boards of several well known listed companies. Mr. Kampani is Chairman-Core Group (Institutional Investors) of CII National council on Corporate Governance, member of High Power expert Committee constituted by the Ministry of Finance on making Mumbai a Regional Finance Centre and also a member of the Governing Council of the Indian Institute of Capital Markets, SEBI Primary Market Advisory Committee and on the Governing Board of the Centre for policy research.

In addition to RLL, Mr. Kampani is also a Director in JM Morgan Stanley Private Limited, J.M. Financial & Investment Consultancy Services Private Limited, JM Financial Limited, JM Financial Trustee Company Private Limited, Capital Market Publishers India Private Limited, Kampani Consultants Limited, JM Morgan Stanley Securities Private Limited, JM Morgan Stanley Fixed Income Securities Private Limited, JM Morgan Stanley Retail Services Private Limited, Apollo Tyres Limited, Britannia Industries Limited, Deepak Nitrite Limited and KSB Pumps Limited.

Dr. P.S. Joshi - Independent Director

Dr. P.S. Joshi is a Fellow of The Royal College of Physicians, UK, The American College of Cardiology, Royal College of Physicians (Edinburgh) and Cardiology Society of India. Dr. Joshi is well known for the pioneering work he has been doing in the field of cardiology. He has a number of publications and research projects to his credit and has served well-known institutions in India and abroad in various capacities. Dr. Joshi has held various posts during his career including that of Project Director, Birla Centre for Medical Research (1984-85), Medical Director, Chief Division of Cardiology & Internal Medicine, Escorts Medical Centre, Director, Escorts Heart Disease Prevention Programme Advisor, Director, Research Activity for Escorts Heart Institute & Research Centre (1981-84) and Registrar, Cardiology, Academic Unit, Department Of Cardiology, University Hospital of Wales (1976-78).

He is Director of Maharaj Sawan Singh Charitable Hospital, Beas In addition to RLL, Dr. Joshi is also a Director in Fortis Healthcare Limited, Escorts Heart and Super Speciality Hospital Limited, Escorts Heart Centre Limited, Escorts Hospital and Research Centre Limited, Fortis Financial Services Limited, Oscar Bio-Tech Private Limited, International Hospital Limited and Hiranandani Healthcare Private Limited.

Mr. Ravi Mehrotra - Independent Director

Mr. Ravi Mehrotra is a graduate in Commerce from Bombay University and an alumnus of XLRI, Jamshedpur. Mr. Mehrotra was the President of Franklin Templeton Asset Management (India) Pvt. Ltd. and was responsible for building Franklin Templeton's business in India. Earlier, he had been the Chief Investment Officer for Pioneer ITI from 1993 until July 2002 when Franklin Templeton acquired the Pioneer ITI business in India. He also has prior experience with Bank of America and Prime Securities Limited.

Mr. Mehrotra is the Regional Head of AIG Asia Asset Management Companies.

Mr. Surendra Daulet-Singh - Independent Director

Mr. Surendra Daulet-Singh is an alumnus of Mayo College, Ajmer and St. Stephen's College, Delhi. Mr. Daulet-Singh has held various positions with some of the best known names in international banking. Starting his career with Grindlays Bank, he became the CEO of British Bank of the Middle East, Mumbai and a Senior Manager (Human Resources) Hongkong Bank, Mumbai. He was also the head of GKR Daulet Singh, an executive search firm.

In addition to RLL, Mr. Daulet-Singh is also a Director in CGU Dabur Life Insurance Company Limited and KDS Consultancy Services Private Limited.

Mr. Vinay K. Kaul - Independent Director

Mr. Vinay K. Kaul graduated in Physics from Ramjas College, Delhi. Aged about 62 years, he is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Kaul retired as Executive Vice President-Finance & Corporate Services and Whole-time Director of RLL on December 31, 2003 after serving RLL for about 28 years.

In addition to RLL, Mr. Kaul is also a Director in Oscar Investments Limited, ANR Securities Private Limited, Ranbaxy Holding Company, Malav Holdings Private Limited, Luxury Farms Private Limited, Fortis Healthcare Holdings Limited, Oscar Holdings Private Limited, Shivi Holdings Private Limited and Solaris Finance Private Limited.

Mr. Vivek Bharat Ram - Independent Director

Mr. Vivek Bharat Ram holds a B.S. Industrial Engineering degree from the University of Michigan, Ann Arbor, Michigan, USA. He hails from a reputed industrial family and is currently Chairman of Shriram Global Enterprises Ltd. and Chairman of New Horizons India Ltd.

In addition to RLL, Mr. Bharat Ram is also a Director in Shriram Global Enterprises Limited, New Horizons India Limited, DCM Anubhavi Marketings Private Limited, DCM Services Limited, Jamuna Finance Private Limited, Kaveri Farms Private Limited, Beas Farms Private Limited and Achal Finance Private Limited.

Mr. Vivek Mehra - Independent Director

Mr. Vivek Mehra is a Fellow member of the Institute of Chartered Accountants of India. He has vast experience in the areas of international and domestic taxation, mergers and acquisitions, corporate law; joint ventures, foreign exchange regulations, etc. Mr. Mehra is currently an Executive Director of PricewaterhouseCoopers Pvt. Ltd. Mr. Mehra was nominated by the Government of India as a Director on the Board of Union Bank of India during 1989-1995 and Punjab & Sind Bank during 1995-2000.

In addition to RLL, Mr. Mehra is also a Director in Coopers & Lybrand Private Limited, Coopers & Lybrand India Private Limited and Support Services Management India Private Limited.

3.1.6. The total paid up capital of RLL as on the date of the PA is Rs.186,47,79,315 comprising 37,29,55,863 fully paid-up equity shares of the face value of Rs. 5/- each and the closing market price of the share was Rs. 433.20 as of the date of the PA (October 5, 2007, as per BSE website, www.bseindia.com)

3.1.7. The shareholding pattern of RLL as on date of the PA was as follows:

S. No.	Shareholders' category	No. of shares held	% of shares held
1	Promoter and Promoter Group	129,936,214	34.8%
2	Mutual Funds / UTI	17,751,943	4.8%
3	Financial Institutions / Insurance Companies	69,220,676	18.6%
4	Banks	1,789,466	0.5%
5	Foreign Institutional Investors	55,548,282	14.9%
6	Bodies Corporate	9,883,254	2.6%
7	Indian Public	69,820,215	18.7%
8	Foreign Corporate Bodies	2,982,663	0.8%
9	Individuals (Non Residents and Foreign Nationals)	4,350,105	1.2%
10	Global Depository Receipts	11,673,045	3.1%
	Total	372,955,863	100%

3.1.8. The standalone financial details of RLL are as follows:

Financials for the years ending December 31, 2004, December 31, 2005 and December 31, 2006 are based on audited standalone financials of RLL and standalone financials for six-months ending June 30, 2007 have been certified by the auditors in accordance with Clause 41 of the Listing Agreement.

Profit & Loss Statement

(In Rs. Lakhs, rounded off, unless otherwise specified)

	2004	2005	2006	Nine months ending September 30, 2007
Income from Operations	373,017	356,977	397,777	354,737
Other Income	5,587	9,048	3,819	8,199
Total Income	378,604	366,025	401,596	362,936
Total Expenditure	306,487	334,237	340,779	274,915
Profit before Depreciation, Amortisation, Impairment, Interest, Exceptional Items & Tax	72,117	31,788	60,817	88,021
Depreciation, Amortisation and Impairment	8,185	10,134	10,675	8,792
Interest	1,098	2,641	5,844	6,572
Profit before Exceptional Items & Tax	62,834	19,013	44,298	72,657
Exceptional Items				
- Profit from sale of undertaking	-	1,123	-	-
Profit before Tax	62,834	20,136	44,298	72,657

Provision for Tax – current year	9,987	(2,234)	6,243	15,439
Profit after Tax (current year)	**52,847**	**22,370**	**38,055**	**57,218**
Provision for Tax – prior year	95	1,166	(1.458)	21
Profit after Tax (current & prior year)	**52,752**	**21,204**	**39,513**	**57,197**

Balance Sheet

(In Rs. Lakhs, rounded off, unless otherwise specified)

	2004	2005	2006	September 30, 2007
Sources of Funds				
Paid up share capital	18,589	18,622	18,634	18,648
Share application money pending allotment	283	28	88	-
Reserves & Surplus (excluding revaluation reserves)	232,079	219,080	216,279	270,159
Net Worth	250,951	237,730	235,001	288,807
Secured Loans	13,337	35,349	22,429	29,790
Unsecured Loans [4]	249	67,631	295,431	315,559
Deferred Tax Liability (Net)	12,212	11,658	15,024	19,669
Total	276,749	352,368	567,885	653,825
Uses of Funds				
Net Fixed Assets (including Capital WIP)	114,174	163,281	173,591	178,314
Investments	67,907	76,277	267,994	325,017
Net Current Assets	94,668	112,810	126,300	150,494
Total	276,749	352,368	567,885	653,825

Other Financial Information

	2004[3]	2005	2006	Nine months ending September 30, 2007
Dividend (%) [5]	170%	170%	170%	-
Earning Per Share (Basic) (Rs.)	14.20	5.70	10.60	15.34
Earning Per Share (Diluted) (Rs.)	14.13	5.68	9.87	10.53
Return on Net Worth (%) [1]	21.02%	8.92%	16.81%	19.80%
Book Value Per Share (Rs.) [2]	67.50	63.84	63.05	77.44

[1] Return on Net Worth calculated as: Profit after Tax (current & prior year) / Closing Net Worth

[2] Book Value Per Share calculated as: Closing Net Worth / Total No. of shares outstanding at year-end

[3] Per share data for 2004 has been adjusted to reflect the share split undertaken in 2005 which reduced the face value from Rs. 10 each to Rs. 5 each

[4] Unsecured Loans comprised of: *(In Rs. Lakhs, rounded off)*

	2004	*2005*	*2006*	*September 30, 2007*
From Banks				
Short Term	-	*51,288*	*76,116*	*86,317*
Long Term	-	*16,145*	*23,988*	*52,830*
Zero Coupon FCCBs	-	-	*194,744*	*175,318*
Deferred Sales-tax Credit	*239*	*198*	*140*	*101*
Loans from others	*10*	-	*443*	*993*
Total	*249*	*67,631*	*295,431*	*315,559*

[5] Dividend of Rs. 2.5 per Share has been declared by the Acquirer's Board of Directors in their meeting held on October 18, 2007. Net Worth as at September 30, 2007 has not been adjusted for the same

[6] The Earning per Share data as on September 30, 2007 is for the nine months period ended on that date

3.1.9. An analysis of the financial performance of RLL during the last three years is given below:

FY2003-04:

The change in total income between 2003 and 2004 was immaterial. Profit after tax declined by 34% in 2004 as compared to 2003 due to significant step up in research and development expenditure, expiry of the exclusivity period on Cefuroxime Axetil in the US in July 2003 and the reduction in export incentives.

FY2004-05:

Total income declined by 3% in 2005 as compared to 2004 due to erosion of product prices in the US market. Profit after tax declined by 60% in 2005 as compared to 2004 due to price erosion in the US, increase in research and development expenditure and pricing pressure faced in the key European markets.

FY2005-06:

Total income increased by 10% in 2006 as compared to 2005 primarily due to increased sales in the US, India and the CIS countries. Further, RLL launched Simvastatin 80mg in the US market with 180 days exclusivity during the year. Profit after tax increased by 86% in 2006 as compared to 2005 primarily due to the increase in sales, reduced research and development expenditure, cost improvements and an improved product and market mix.

FY2006 – September 30, 2007:

Total Income of nine months ended September 30, 2007 was Rs. 362,936 lakhs, an approximately 20% increase over Total Income of FY 2006 (taking Total Income of FY2006 proportionately for nine months). Total Expenditure reduced from 86% of Operating Income in FY2006 to about 77% of Operating Income in the nine months ended September 30, 2007 leading to a significant increase in Profit before Tax from 11% of Operating Income in FY2006 to 20% of Operating Income in the nine months ended September 30, 2007.

Contingent Liabilities as on September 30, 2007:

Description	Amount (Rs. Lakhs)
Claims not acknowledged as debts [1]	12,669
Indirect Taxes	2,138
Total	14,807

[1] *Includes Rs. 2,979 lakhs deposited under protest*

Interest on certain claims may be payable as and when the outcome of the related claim is determined and has not been included above.

3.1.10. The significant accounting policies of the Acquirer as per the last audited financial statements (for the year ended December 31, 2006) are as follows:

1. Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs directly attributable to acquisition or construction of fixed assets which necessarily take a substantial period to get ready for their intended use are capitalized.

Depreciation on fixed assets is provided on straight-line method at the rates and in the manner prescribed in Schedule XIV to the Act. Premium paid on perpetual leasehold land is charged to revenue on termination / renewal of lease agreements.

Fixed assets are tested for impairment annually so as to determine a) provision for impairment loss if any, or b) reversal, if any, required for any impairment loss recognized in previous periods.

2. Intangibles

Intangibles	Remarks	Method and Period
Patents, Trademarks, Designs and Licenses	Cost for acquiring are capitalized and amortized	SLM over 5 years
Computer Software	Software which is not an integral part of hardware is amortized	SLM over 6 years

Non Compete Agreement	Capitalized and amortized on straight line basis.	Over the period of agreement
Product Development	Costs incurred for acquiring rights for products are amortized. Subsequent expenditures on development are also added to cost	SLM over 5 years

3. Inventories

Inventories	Cost on Weighted Average method
Raw Materials, Packaging material Stores and Spares	Lower of cost and net realizable value. Materials and other items held for use in production of finished goods are not written down below cost if the product in which they are incorporated are expected to be sold at or above the cost.
Finished Good	Lower of cost and net realizable value. Cost includes excise duty wherever applicable. Cost based on normal operating capacity.
Semi Finished and WIP	Cost up to estimated stage of progress. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale.

Where duty paid imported materials / indigenous materials are consumed, in manufacture of products for export, prior to receipt of duty-free materials under the Advance License Scheme, the estimated excess cost of such materials over that of duty-free materials is carried forward and charged to revenue on consumption of such duty-free materials.

4. Lease Accounting

Operating lease payments are recognized as an expense in the P&L account on a straight line basis over the term of the lease.

5. Investments

Long term investments are stated at cost, less any provision for permanent diminution in value. Current investments are stated at lower of cost and fair value. Profit / loss on sale of investments are computed with reference to their average cost.

6. Research and development

Revenue expenditure incurred on R&D is charged to profit and loss account in the year it is incurred. Capital expenditure is included in the respective heads under fixed assets and depreciation thereon is charged to depreciation account. Expenditure incurred for obtaining regulatory approvals and registration of products for overseas markets and product acquisitions is charged to revenue.

7. Taxes on income

The provision for current income tax is the aggregate of the balance tax for three months ended March 31, 2006 based on the return of the income filed for the year ended March 31, 2006 and the estimated provision based on the taxable profit for the remaining nine months up to December 31, 2006, the actual tax liability, for which, will be determined on the basis of the results for the period April 1, 2006 to March 31, 2007.

Deferred income tax reflects the impact of current year timing differences between taxable income / losses and accounting income for the year and reversal of timing differences of earlier years. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognized only to the extent there is virtual certainty that sufficient future taxable income will be available against which such losses can be set off.

8. Export benefits / incentive

Export entitlements in respect of the exports made under the Duty Entitlement Pass Book ("DEPB") Scheme are recognized in the profit and loss account when the right to receive credit as per the terms of the scheme is established. Obligation / entitlements under the Advance License Scheme for import of raw materials are accounted for on purchase of raw materials / export sales.

9. Employees Stock Option Plan

The accounting value of stock options representing the excess of the market price on the date of grant over the exercise price of the shares granted under "Employees' Stock Option Scheme" is amortized as "Deferred employees' compensation" on straight-line basis over the vesting period.

10. Revenue Recognition

Revenue is recognized to the extent that it can be reliably measured and is probable that the economic benefits will flow to the Company. Key revenue recognition policies are as follows:

Sale of Goods	Revenue is stated net of trade discounts, excise duty, sales returns and sales tax.
Royalties, Technical Know-how and Licensing income	Revenue is recognized on accrual basis in accordance with the terms of the relevant agreement.
Interest Revenue	It is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
Dividends	Revenue is recognized when the right to receive is established.

11. Foreign exchange translations

Investments in foreign entities are recorded at the exchange rate prevailing on the date of making the investment. Transactions in foreign currencies are recorded at rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the rate prevailing on the balance sheet date. Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognized as income or expense in the year in which they arise, except for exchange differences arising on loans denominated in foreign currencies utilized for acquisition of fixed assets from outside India, where the exchange gains/losses are adjusted to the cost of such assets.

The exchange differences arising on forward foreign currency contracts other than those entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions are recognized in the period in which they arise based on the difference between i) foreign currency amount of the contract translated at the exchange rate on the reporting date and ii) the same foreign currency amount translated at the later of the date of inception of the forward exchange contract or the last reporting date.

The premium or discount arising at the inception of the forward foreign currency contracts is amortized as an expense or income over the life of the contract. Any profit or loss arising on cancellation or renewal of forward foreign exchange contracts is recognized as income or expense for the year.

12. Retirement benefits

Provisions for liabilities in respect of gratuity, pension and leave encashment are made based on actuarial valuation made by an independent actuary as at balance sheet date. Contributions in respect of PF, superannuation and gratuity are made to the specific Trusts set up by the Company and charged to P&L account.

13. Contingent liabilities

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of obligation can be made. The disclosure is made for possible or present obligations that may, but probably will not, require outflow of resources as contingent liability in the financial statements.

3.1.11. Acquisitions in Target Company by the Acquirer prior to the date of the PA:

The Acquirer was allotted 20,00,000 Shares of the Target Company on August 25, 2006 at a price of Rs. 100/- (Rupees One Hundred only) per Share. This represents approximately 6.94% of the issued and fully paid-up equity capital of the Target Company as on the date of the PA. The Acquirer has complied with the applicable provisions of the Regulations and other applicable regulations under the SEBI Act, 1992 and other statutory requirements with respect to the earlier acquisition in the Target Company.

3.1.12. Status of Corporate Governance

RLL is in compliance with the Clause 49 of the Listing Agreement.

3.1.13. Following are the material litigations involving RLL

1. Under Drugs (Prices Control) Order, 1995 (“DPCO”)

a. National Pharmaceutical Pricing Authority (“NPPA”) has raised a demand of Rs 16.61crores in relation to 4 drug products. RLL has filed three writ petitions in the High Court of Delhi and one writ petition in the High Court of Bombay (Goa Bench) which have been admitted and stay order is granted against the recovery RLL has issued bank guarantees aggregating Rs. 5.79 crores as and by way of deposits pending the disposal of the petitions.

b. NPPA has filed a special leave petition in the Supreme Court against the order of the High Court at Delhi setting aside NPPA’s demand of Rs 4.65 crores in relation to a certain drug product. The matter is currently pending.

c. The Government of India issued certain notices seeking to include the drug Ciprofloxacin under the price control provisions of DPCO and pursuant thereto, raised a demand of approximately Rs.11 lakhs on RLL for alleged overcharging. RLL (along with certain other companies) successfully challenged the action of Government of India in the Bombay High Court, against which the Government filed an appeal in the Supreme Court which remanded the matter to the High Court for redetermination subject to deposit of 50% of the alleged overcharged amounts pursuant to which RLL deposited Rs.234.7 million. The matter is pending before the Bombay High Court.

d. Against a price notification and a press release issued by GOI on August 14, 2003 in respect of the drug Ciprofloxacin and its formulations, RLL filed a writ petition in the Bombay High Court which has granted a stay order on the action of GOI. The matter is pending in the Bombay High Court.

e. Against the demand made under the Drug Price Control Order 1979 for payment of Rs. 60 lakhs plus interest amounting to total sum of Rs. 2.23 crores, Company filed a Writ Petition on August 3, 2007 before the Delhi High Court challenging the legality and validity of demand under the Drug Price Equalisation Account and post hearing the High Court granted a stay on the demand letter.

2. Intellectual Property related cases

Various proceedings relating to intellectual property have been instituted against RLL before various courts and authorities in and outside India. The aggregate claim against RLL in these cases cannot be quantified. The details of the significant proceedings are as follows:

S. No.	Product / Patent	Description of Proceedings
a.	Atorvastatin	Pfizer, Inc. has instituted proceedings against RLL in 22 countries including the U.S.A., Australia, Canada and certain countries in Europe, for alleged infringement of Pfizer’s patents on Atorvastatin tablets. Various lower or appeals courts have granted injunctions to prevent marketing of RLL’s Atorvastatin tablets prior to the expiration dates of the said patents. RLL has not yet launched its Atorvastatin tablets in any of these markets, except in Denmark, pending the final determination of these matters. In Denmark, one of RLL’s distributors has been enjoined in this relation by the court of first instance on February 23, 2007. An appeal has been filed against this order. More recently, in Norway, RLL has prevailed in appeal proceedings against all four asserted Pfizer patents. No specific financial claim for damages has been raised against RLL in these matters.
b.	Quinapril	Pfizer, Inc. has filed a case against RLL in the US, for alleged infringement of Pfizer’s patent on a Quinapril formulation, marketed as Accupril®, claiming monetary damages. A Preliminary Injunction Order has been affirmed by the Court of Appeals of the Federal Circuit on November 22, 2005. The matter is pending before the District Court of New Jersey. A ruling on damages, previously limiting Pfizer’s potential monetary recovery has been

S. No.	Product / Patent	Description of Proceedings
		reconsidered, meaning that the issue will be tried by jury, and that Pfizer's claim for damages of up to $300 million is at issue.
c.	Fexofenadine	Aventis has filed a case against RLL and other companies, for alleged infringement/ invalidation of certain patents of Aventis concerning Fexofenadine in the USA. An appeal filed by Aventis in a Court of Appeals in the Federal Circuit against the denial of preliminary injunction by the District Court of New Jersey has been denied and the matter is proceeding toward a trial. No financial claim has been raised against RLL.
d.	Modafinil	Certain private plaintiffs and Apotex have filed cases against RLL, the patent holder and certain other companies in the Eastern District Court of Pennsylvania, USA, alleging anti competitive collusion with the patent holder for certain products to the detriment of patients and health claim payors. No financial claim has been raised against RLL.
e.	Cefdinir	Abbott Laboratories and Astellas Pharmaceuticals have filed a suit against RLL and two other parties in the US District Court for the District of Northern Illinois for alleged infringement of patents covering a polymorphic form of cefdinir, requesting a permanent injunction during the lives of those patents. This suit has been stayed, pending a claim construction determination in the Federal Circuit.
f.	Tamsulosin	Astellas Pharmaceuticals and Boehringer Ingelheim have filed a suit against RLL in the District Court of New Jersey, USA, for infringement of its patent on Tamsulosin. RLL has reached an agreement with Astellas / Boehringer Ingelheim to stipulate a remand of the pending Federal Circuit appeal and subsequent vacatur of the District Court decision in regards to Tamsulosin capsules. The case between Ranbaxy and Astellas/Boehringer Ingelheim has recently been dismissed without prejudice.
g.	Esomeprazole magnesium	AstraZeneca has filed a suit against RLL and Teva in the District Court of New Jersey, USA, in relation to several cases of invalidation and alleged infringement of its patent on Esomeprazole magnesium. AstraZeneca has requested a permanent injunction during the lives of those patents. The discovery process is currently under way.
h.	Valganciclovir	Roche Palo Alto LLC has filed suit against RLL in the US District Court of New Jersey, alleging infringement of a patent covering a crystalline form of valganciclovir, marketed as Valcyte®. Roche has requested a permanent injunction during the life of this patent. The parties have filed cross summary judgment motions on infringement and validity issues.
i.	Atorvastatin and Amlodipine	Pfizer Inc. has filed a suit against RLL in the District Court of Delaware, USA, for alleged infringement of the combination product patents on Atorvastatin and Amlodipine, requesting a permanent injunction during the life of the patent. The suit is at the stage of fact discovery.
j.	Imipenem-Cilastatin	Merck & Co., Inc. has filed a suit against RLL in the US District Court of New Jersey for alleged infringement of a patent covering an injectable imipenem-cilastatin combination product. Merck has requested a permanent injunction during the life of that patent. This suit is in the pre-discovery stage.
k.	Carvedilol	Teva Pharmaceuticals has filed a suit against RLL in the District Court of New Jersey, USA, for alleged infringement of four patents for carvedilol. Teva has requested a permanent injunction during the life of the patent. The suit is at the stage of pre-discovery.
l.	Alfuzosin	Sanofi Aventis has filed suit against RLL in the US District Court of Delaware, alleging infringement of a patent relating to alfuzosin, marketed as Uroxatral®. Sanofi has requested a permanent injunction for the life of this patent. The suit is in the pre-discovery stage.

S. No.	Product / Patent	Description of Proceedings
m.	Ibuprofen	Banner Pharmacaps Inc. has filed suit against RLL in the US District Court of North Carolina, alleging infringement of a patent relating to ibuprofen soft gelatin capsules. The suit has been stayed, pending FDA's resolution of issues raised in a Citizen's Petition filed by Banner.

In addition to the above, there are two other pending cases in U.S. that have been filed against RLL by parties, alleging invalidation/ infringement of patents of certain products. No specific financial claim has been raised against RLL in such actions.

3. Proceedings in relation to the Food and Drug Administration Authorities

RLL has received notices from the Food and Drug Administration Authorities in various states in India seeking to prohibit manufacture, sale and distribution of "Revital" alleging that this product is classifiable under the Drugs and Cosmetics Act, 1940, and cannot be manufactured, marketed or distributed as a "dietary supplement" under the Prevention of Food Adulteration Act, 1954 ("PFA"). RLL has challenged the notices in various courts in India on the ground that it has been granted a valid license by the relevant authorities under the PFA to manufacture and sell the product as a dietary supplement. Proceedings are pending in this matter in the High Courts of Kerala, Bombay and Patna and before the respective Food and Drug Administration Authorities in Maharashtra and Bihar. Pending disposal, stay orders have been granted in all of the above matters.

4. Employee Related Cases

There are 351 labour cases pending against RLL in various courts and tribunals in India filed by certain former and present employees and contract workers. The claims pertain, inter alia to regularization, reinstatement in service with full back wages, continuity in service from date(s) of termination from service, payment of bonus etc. Of these claims, 10 are in relation to RLL's corporate office, 45 are in relation to the India region, 33 are in relation to RLL's operations at Mohali, 251 are in relation to RLL's operations at Dewas, 2 are in relation to RLL's operations at Paonta Sahib, 3 are in relation to RLL's operations at Jejuri, and 7 are in relation to RLL's research and development facilities. The aggregate claim against RLL in these matters is not quantifiable.

5. Tax and Excise related litigation

Income Tax

RLL has 34 unresolved income tax related cases pending before the High Courts, Income-Tax Appellate Tribunal and Commissioner of Income-Tax (Appeals) concerning allowance of deductions aggregating to approximately Rs. 229.6 crores in computation of taxable income covering Assessment Years from 1983-84 to 2004-05.

Central Excise

A Show Cause Notice was issued by the Commissioner of Central Excise, Chandigarh to RLL for denial of credit of Rs.7 Crores claimed by RLL on stock-in-hand as on January 10, 2005 on grounds that RLL subsequently opted for exemption from payment of duty under notification No. 50/2003-CE dated June 10, 2003. The demand has been confirmed by the Commissioner of Central Excise, Chandigarh. RLL has filed an appeal and a stay application before the CESTAT and the CESTAT has stayed the operation of the order passed by the Commissioner of Central Excise, Chandigarh. The final hearing of the matter is awaited.

Purchase Tax

The Assessing Officer, Mohali, has raised a demand of Rs. 20 lakhs from RLL, by way of retrospective demand of interest on purchase tax for the year 1989-90 and 1990-91, against which a stay order has been granted by the Appellate Tribunal at Chandigarh. The matter is pending with the Tribunal.

Octroi Duty

The Municipal Council, Mohali, issued notices in 1995 seeking to raise rate(s) of octroi duty charged by it on entry of certain heavy chemicals brought by RLL into Mohali. This was challenged by RLL in the High Court of Punjab & Haryana without success. RLL has filed an appeal in the Supreme Court against the order of the High Court.

The Supreme Court set aside the order of the High Court of Punjab and Haryana and remanded back the matter for fresh adjudication of classification dispute and the applicability of rate of duty on heavy chemicals brought by RLL. The matter is awaiting hearing at the Punjab and Haryana High Court.

6. Arbitration

RLL received a notice of claim dated November 27, 2006 from Ercros Industrial SA – FYSE (FYSE) under the Rules of Arbitration of the London Court of International Arbitration on August 29, 2006 seeking damages for alleged wrongful termination by RLL in June, 2006 of a contract dated June 28, 2004 between RLL and FYSE for supply of a certain product by FYSE to RLL. FYSE has further raised a claim on RLL for shortfall in purchase of the stipulated minimum quantities of the product that has not been quantified. RLL has filed its defence that termination of agreement was in consequence of breach on the part of FYSE, as FYSE failed to obtain USFDA regulatory approval within the time stipulated in the agreement, and further, that FYSE and RLL had by mutual agreement amended the contract and settled the commitment for purchase of Compactin including any shortfalls, and that claims for damages are therefore not maintainable. RLL has raised arguments in its defence that the contract has been lawfully terminated by RLL and that the claim made by FYSE for wrongful termination and liquidated damages merit dismissal The evidence have been filed by the claimant and respondent parties and thereafter the hearings have been concluded including filing of written submissions before the Arbitrator in August 2007. The final decision and judgment is yet to be pronounced by the Arbitrator.

Serious Fraud Office Investigation / National Health Service- Price Cartel Matter

Significant proceedings against Ranbaxy (UK) Limited ("RUKL"), a step down subsidiary of RLL are described below.

Since September 2000, the Serious Fraud Office (SFO), a UK government department with jurisdiction over England, Wales and Northern Ireland, has been investigating alleged anti-competitive conduct by a number of pharmaceutical companies, including RUKL and certain individuals. The investigation principally concerns the supply and pricing of various antibiotics (including penicillin) and warfarin to the UK's NHS.

RUKL is not concerned with the investigations of warfarin, and is not a party to the proceedings relating to the investigation of warfarin as this product was not manufactured or supplied by RUKL during the relevant period.

1. English Proceedings Civil claim

On 30 March 2005, RUKL entered into an agreement with the Department of Health of the UK and several other authorities (the "English Claimants"), without admission of liability, for a full and final settlement for payment of £4.5 million in respect of (a) several claims filed by them against RUKL and other pharmaceutical companies pertaining to penicillin based antibiotics and ranitidine; and (b) other potential claims relating to the alleged anti-competitive conduct during the period from 1996 to 2002. Pursuant to the terms of the agreement, RUKL has agreed to continue to provide assistance and cooperation in the ongoing proceedings and/or in connection with investigations concerning the operation of the generics pharmaceuticals market between 1 January 1996 and 1 April 2002.

2. SFO - Criminal Prosecution

On 5 April 2006, the SFO issued criminal charges against RUKL via a Summons which required the company to be represented at a hearing before the Magistrates' Court on 27 April 2006 in relation to an alleged conspiracy to defraud the Secretary of State for Health and others concerned with the provision of medicinal products by dishonestly fixing and maintaining the price, and manipulating the supply, of penicillin-based antibiotics to wholesale and retail suppliers of the said medicines. The former Managing Director of RUKL is one of the co-defendants. RUKL has pleaded not guilty and filed its Defence Case Statement.

In addition, the defendants have filed appeals before the Court of Appeal which seek a ruling that price cartel activity cannot amount to the offence of conspiracy to defraud, as charged. The appeal is awaiting hearing.

3. Scottish & Northern Irish Proceedings

On 3 February 2005, the Scottish Health Ministers and 15 Scottish Health Boards also initiated proceedings against a number of pharmaceutical companies, including RUKL, based on similar allegations raised in the English antibiotics and ranitidine civil proceedings described above, claiming damages of an aggregate of approximately £16.8 million plus interest and costs. On 12 August 2005 RUKL served a defence to both of these claims.

On 15 November 2005 Claims were also filed by the Northern Ireland Health Authorities which relate to the same facts as the Scottish proceedings and alleged losses to the Northern Ireland Health Authorities in the sum of £3,742,886 plus interest for Ranitidine and £1,368,250 plus interest for antibiotics.

RUKL served a defence to both the Northern Irish antibiotics and Ranitidine claim on 27 May 2006. Stay applications by the defendants requesting that the Scottish and Northern Irish proceedings be put in abeyance till the conclusion of criminal proceedings are yet to be heard.

3.1.14. Relevant details of any merger / demerger / spin offs in the last three years

On September 2, 2005, RLL divested its three allied businesses, consisting of the fine chemicals business, the diagnostics business and the animal health care business. ICICI Venture Funds Private Limited acquired these businesses except for the Dade Behring diagnostic assets (a part of the diagnostics business), which was acquired by Dade Behring Holdings Inc.

The three allied businesses had an aggregate net worth or Rs. 6,994 lakhs accounting for less than 3 % of the total net worth of RLL as per its last audit financial results prior to such divestment.

3.1.15. Compliance Officer:

Mr. S.K. Patawari, Company Secretary, Ranbaxy Laboratories Limited, Plot No. 90, Sector 32, Gurgaon – 122001, Haryana; Phone: +91-124-4185888, +91-124-4135000; Fax: +91-124-4106490; email: sushil.patwari@ranbaxy.com

3.1.16. Information on other companies presently promoted / controlled by the Acquirer:

RLL is amongst the top ten global generic pharmaceutical companies. As on date of the PA, RLL controlled 7 subsidiary companies in India. Additionally, RLL has a large portfolio of international subsidiaries, affiliates, joint ventures and alliances through which it is present in 49 countries.

A summary of the consolidated audited financials of RLL, which include the financial results of all its domestic and overseas subsidiaries, for the years ending December 31, 2004, December 31, 2005 and December 31, 2006, is as follows:

(In Rs. Lakhs, rounded off, unless otherwise specified)

Particulars	2004[1]	2005	2006
Equity Capital	18,589	18,622	18,634
Reserves and Surplus (excluding Revaluation Reserves)	231,112	224,999	237,970
Total Income	553,208	534,321	619,984
Profit after Tax	69,969	25,553	52,515
Earnings Per Share – Basic (Rs.)	18.83	6.87	14.09
Earnings Per Share – Diluted (Rs.)	18.74	6.84	13.17
Net Asset Value	249,984	243,649	256,692

[1] *Per share data for 2004 has been adjusted to reflect the share split undertaken in 2005 which reduced the face value from Rs. 10 each to Rs. 5 each.*

The details of RLL's 7 Indian subsidiaries are given below:

1. Ranbaxy Drugs and Chemicals Company

Date of incorporation : July 11, 1995

Nature of business : No business activity at present

Whether a sick industrial company : No

(In Rs. Lakhs, rounded off, unless otherwise specified)

Particulars	2004	2005	2006
Equity Capital	620	620	620
Reserves and Surplus (excluding Revaluation Reserves)	-	13	35
Total Income	14	19	30
Profit after Tax	11	13	22
Earnings Per Share – Basic (Rs.)	0.19	0.21	0.36
Earnings Per Share – Diluted (Rs.)	0.19	0.21	0.36
Net Asset Value	620	633	655

2. Ranbaxy Drugs Limited

Date of incorporation : January 31, 1984

Nature of business : No business activity at present

Whether a sick industrial company : No

(In Rs. Lakhs, rounded off, unless otherwise specified)

Particulars	2004	2005	2006
Equity Capital	310	310	310
Reserves and Surplus (excluding Revaluation Reserves)	-	-	-
Total Income	-	-	-
Profit (Loss) after Tax	(0.10)	(0.10)	(0.12)
Earnings Per Share – Basic (Rs.)	(0.003)	(0.003)	(0.004)
Earnings Per Share – Diluted (Rs.)	(0.003)	(0.003)	(0.004)
Net Asset Value	337	337	337

3. Rexcel Pharmaceuticals Limited

Date of incorporation : March 3, 1997

Nature of business : Promotion and marketing of RLL's products

Whether a sick industrial company : No

(In Rs. Lakhs, rounded off, unless otherwise specified)

Particulars	2004	2005	2006
Equity Capital	100	100	100
Reserves and Surplus (excluding Revaluation Reserves)	348	382	320
Total Income	1,398	1,078	637
Profit after Tax	29	34	(89)
Earnings Per Share – Basic (Rs.)	2.84	3.41	(6.16)
Earnings Per Share – Diluted (Rs.)	2.84	3.41	(6.16)
Net Asset Value	401	435	361

4. Solus Pharmaceuticals Limited

Date of incorporation : February 24, 1995

Nature of business : Promotion and marketing of RLL's products

Whether a sick industrial company : No

(In Rs. Lakhs, rounded off, unless otherwise specified)

Particulars	2004	2005	2006
Equity Capital	300	300	300
Reserves and Surplus (excluding Revaluation Reserves)	(63)	(41)	(70)
Total Income	432	359	132

Profit after Tax	(8)	13	(34)
Earnings Per Share – Basic (Rs.)	(0.27)	0.73	(0.94)
Earnings Per Share – Diluted (Rs.)	(0.27)	0.73	(0.94)
Net Asset Value	224	245	230

5. Vidyut Investments Limited

Date of incorporation : June 1, 1988

Nature of business : No business activity at present

Whether a sick industrial company : No

(In Rs. Lakhs, rounded off, unless otherwise specified)

Particulars	2004	2005	2006
Equity Capital	2,501	2,501	2,501
Reserves and Surplus (excluding Revaluation Reserves)	348	755	944
Total Income	652	523	363
Profit after Tax	68	407	189
Earnings Per Share – Basic (Rs.)	0.27	1.63	0.75
Earnings Per Share – Diluted (Rs.)	0.27	1.63	0.75
Net Asset Value	6,349	6,756	6,945

6. Gufic Pharma Limited

Date of incorporation : June 25, 1983

Nature of business : Holder of certain trademarks

Whether a sick industrial company : No

(In Rs. Lakhs, rounded off, unless otherwise specified)

Particulars	2004	2005	2006
Equity Capital	5	5	5
Reserves and Surplus (excluding Revaluation Reserves)	3	6	15
Total Income	3	4	10
Profit after Tax	3	3	9
Earnings Per Share – Basic (Rs.)	54.8	64.08	176.22
Earnings Per Share – Diluted (Rs.)	54.8	64.08	176.22
Net Asset Value	8	11	20

7. Ranbaxy Life Sciences Research Limited

Date of incorporation : December 27, 2006

Nature of business : No business activity at present

Whether a sick industrial company : No

The company's financial year end is December 31st. As it was incorporated on December 27, 2006, no audited financial statements for the period ended December 31, 2006 are available.

3.2. Disclosure in terms of regulation 16(ix) of the Regulations and Acquirer's Future Plans for the Target Company

3.2.1. Please refer to paragraph 2.3 of this Letter of Offer for objects of the Offer.

3.2.2. Under the SPA, the Acquirer has the right to appoint the Chairman of the Board of Directors of the Target Company, post the completion of the Offer and the consummation of the transactions as envisaged under the SPA and the SSA. This nominee of the Acquirer shall be determined at the time of appointment, subsequent to completion of all requirements under the Regulations. The Acquirer reserves the right to seek reconstitution of the Board of Directors of the Target Company, in accordance with the provisions contained in the Regulations and the Companies Act, 1956.

3.2.3. As of the date of this Letter of Offer, the Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company and except to the extent required for the purpose of restructuring and/or rationalisation of operations, assets, investments, liabilities or otherwise of the Target Company for commercial reasons and operational efficiencies. Notwithstanding the immediately preceding sentence, the Board of Directors of the Target Company will take appropriate decisions in these matters as per the requirements of the business and in line with the opportunities from time to time.

3.2.4. Other than in the ordinary course of business, the Acquirer undertakes that it shall not sell, dispose off or otherwise encumber any substantial asset of the Target Company except with the prior approval of the Shareholders of the Target Company.

4. DISCLOSURE IN TERMS OF REGULATION 21

In case the Offer results in the public shareholding being reduced to less than the minimum public shareholding levels as mandated by the Listing Agreements of the Target Company with the Stock Exchanges, the Acquirer undertakes to comply with the continuous listing guidelines as required by regulation 21(2) of the Regulations.

5. BACKGROUND OF THE TARGET COMPANY

5.1. Zenotech Laboratories Limited is a public limited company with its registered and corporate office located at 8-2-120/112/88-89, Park View Estate, 4th Floor, Road No. 2, Banjara Hills, Hyderabad – 500034; Tel: +91-40-23540994; Fax: +91-40-23555465.

5.2. The Target Company was incorporated on June 15, 1989 as a private limited company by the name of Maa Shakti Tube Mill Private Limited under the Companies Act, 1956. On April 1, 1992, its name was changed to Sunline Tubes Private Limited and on August 25, 1993 it was converted into a public limited company. Subsequently, on December 6, 2000, its name was changed to Sunline Technologies Limited. In 2004, the Target Company entered into a scheme of amalgamation with Zenotech Laboratories Private Limited ("ZLPL"). The Hon'ble High Court of Andhra Pradesh sanctioned the scheme by its order dated July 1, 2004 with effect from November 1, 2003. Under this scheme of amalgamation, the Target Company's name was changed to its present form, Zenotech Laboratories Limited on August 10, 2004. Further 91,82,500 Shares of the Target Company were allotted to shareholders of ZLPL, which included 86,90,000 Shares allotted to Dr. Jayaram Chigurupati, Mrs. Padmashree Chigurupati and Zenotech Inc. (comprising 58.92% of the total paid up capital as on the date of the allotment). Zenotech Inc. subsequently transferred the Shares held by it to Zenotech LLC. Pursuant to these transactions, Dr. Jayaram Chigurupati, Mrs. Padmashree Chigurupati and Zenotech LLC became the Promoters of the Target Company.

The Company has, pursuant to the provisions of Section 391 to 394 of the Companies Act, 1956 and with the approvals of the Shareholders and secured creditors, entered into a second scheme of amalgamation with M/s. Credence Pharmaceuticals Limited ("CPL") and M/s. Hemarus Healthcare Private Limited ("HHPL"). The Hon'ble High Court of Andhra Pradesh at Hyderabad sanctioned the Scheme of Amalgamation with effect from October 1, 2005 through its order dated May 2, 2006, and the same has been taken on record by the office of the Registrar of Companies, Hyderabad, Andhra Pradesh vide its letter dated December 29, 2006.

5.3. The Target Company commenced pharmaceutical operations in 2003 and has since become a speciality generic injectables company with expertise in the area of bio-technology. The Target Company's injectables product portfolio primarily serves niche therapy areas like oncology and anesthesiology. It has R&D facilities in India and the U.S. while its manufacturing facilities are located near Hyderabad as follows:

S. No.	Nature of facility	Address
1.	Manufacturing facility	Zenotech Laboratories Limited, Survey No. 250-252 and 253, Turkapally Village, Shameerpet Mandal,

		R. R. District - 500 078, Andhra Pradesh, India
2.	R&D facility	Zenotech Laboratories Limited, Survey No. 250-252 and 253, Turkapally Village, Shameerpet Mandal, R. R. District - 500 078, Andhra Pradesh, India
3.	R&D facility	Zenotech Inc. (a subsidiary of ZLL), 1, Deer Park Drive, Suite H-6, Monmouth Junction, NJ 08852, U.S.A.

The Target Company has three subsidiaries, as follows:

<u>Zenotech Farmaceutica Do Brasil Limitada, Brazil:</u>

This was acquired by ZLL in January 2005 to market pharmaceutical drugs and other associated products, including products in the range of oncology and biosimilars from the portfolio of the Target Company. The company has received approvals from the concerned regulatory authority of Brazil ("ANVISA") for its warehouse facility. Further, registration of the products of Target Company as well as relevant regulatory approval of Indian manufacturing facilities by ANVISA are to be received before commencement of business.

<u>Zenotech Laboratories Nigeria Limited, Nigeria:</u>

This was established in August 2005 to market pharmaceutical drugs and other associated products in the range of oncology and biosimilars from the portfolio of the Target Company. The company has got the regulatory clearances for its product range but is yet to commence commercial operations.

<u>Zenotech Inc., USA:</u>

Zenotech Inc. is a research and development company and has a full fledged laboratory in New Jersey, USA. The company has developed several second generation generic monoclonal antibodies. The company has a drug discovery project in oncology and is developing new monoclonal antibodies for a known target in cancer. It has highly qualified scientists for developing mammalian cell culture based generic monoclonal antibodies and other biopharmaceuticals. Zenotech Inc. has become a subsidiary of ZLL effective from May 25, 2006.

5.4. Details of mergers / de-mergers / spin-offs during the last three years:

The Target Company entered into a scheme of amalgamation under which Credence Pharmaceuticals Limited and Hemarus Healthcare Private Limited were merged with the Target Company. For details refer paragraph 5.2 above.

5.5. As on the date of the PA, the total paid up share capital of the Target Company was Rs. 2,881 lakhs consisting of 2,88,10,464 fully paid-up equity shares of face value of Rs. 10/- each. The share capital structure of the Target Company is as follows (Source: Information provided by the Target Company, Annual Report of the Target Company for FY2007):

Paid-up equity shares of the Target Company	Number of shares / voting rights	% of equity shares / voting rights
Fully paid-up equity shares	28,810,464	100
Partly paid-up equity shares	Nil	Nil
Total paid-up equity shares	28,810,464	100
Total voting rights in the Target Company	28,810,464	100

5.6. Build-up of the current capital structure of the Target Company since inception and, in this regard, the status of compliance with the applicable provisions of the Regulations and other statutory requirements are as follows (Source: Information provided by the Target Company):

Date of allotment	No. and % of shares issued	Cumulative paid-up capital (Rs.) [4]	Mode of allotment	Identity of allottees [1]	Status of compliance
15.06.1989	400 (0.001%)	4,000	Subscribers to memorandum	Ex-Promoters	Complied
05.07.1989	5,645 (0.02%)	60,450	Preferential Allotment	Ex-Promoters	Complied
05.10.1989	2,300 (0.008%)	83,450	Preferential Allotment	Ex-Promoters	Complied
23.12.1989	49,000 (0.17%)	573,450	Preferential Allotment	Ex-Promoters	Complied
15.03.1990	21,000 (0.07%)	783,450	Preferential Allotment	Ex-Promoters	Complied
15.06.1990	12,700 (0.04%)	910,450	Preferential Allotment	Ex-Promoters	Complied
15.09.1990	1,500 (0.005%)	925,450	Preferential Allotment	Ex-Promoters	Complied
14.12.1990	33,600 (0.12%)	1,261,450	Preferential Allotment	Ex-Promoters	Complied
08.03.1991	23,000 (0.08%)	1,491,450	Preferential Allotment	Ex-Promoters	Complied
14.06.1991	7,500 (0.03%)	1,566,450	Preferential Allotment	Ex-Promoters	Complied
16.09.1991	3,355 (0.01%)	1,600,000	Preferential Allotment	Ex-Promoters	Complied
19.11.1991	20 (0%)	1,600,200	Preferential Allotment	Ex-Promoters	Complied
19.02.1992	30 (0%)	1,600,500	Preferential Allotment	Ex-Promoters	Complied
10.08.1992	30,000 (0.10%)	1,900,500	Preferential Allotment	Ex-Promoters	Complied
30.12.1992	83,000 (0.29%)	2,730,500	Preferential Allotment	Ex-Promoters	Complied
26.02.1993	32,000 (0.11%)	3,050,500	Preferential Allotment	Ex-Promoters	Complied
31.03.1993	20,500 (0.07%)	3,255,500	Preferential Allotment	Ex-Promoters	Complied
31.03.1993	37,500 (0.13%)	3,630,500	Preferential Allotment	Ex-Promoters	Complied
10.08.1993	450 (0.002%)	3,635,000	Preferential Allotment	Ex-Promoters	Complied
06.12.1993	30,500 (0.11%)	3,940,000	Preferential Allotment	Ex-Promoters	Complied
02.03.1994	27,000 (0.09%)	4,210,000	Preferential Allotment	Ex-Promoters	Complied
26.05.1994	39,500 (0.14%)	4,605,000	Preferential Allotment	Ex-Promoters	Complied
15.09.1994	19,000 (0.07%)	4,795,000	Preferential Allotment	Ex-Promoters	Complied
09.12.1994	49,000 (0.17%)	5,285,000	Preferential Allotment	Ex-Promoters	Complied
20.02.1995	27,500 (0.10%)	5,560,000	Preferential Allotment	Ex-Promoters	Complied
29.03.1995	32,000	5,880,000	Preferential	Ex-Promoters	Complied

Date of allotment	No. and % of shares issued	Cumulative paid-up capital (Rs.) [4]	Mode of allotment	Identity of allottees [1]	Status of compliance
	(0.11%)		Allotment		
04.07.1995	30,500 (0.11%)	6,185,000	Preferential Allotment	Ex-Promoters	Complied
07.07.1995	40,000 (0.14%)	6,585,000	Preferential Allotment	Ex-Promoters	Complied
12.08.1995	15,500 (0.05%)	6,740,000	Preferential Allotment	Ex-Promoters	Complied
20.09.1995	41,500 (0.14%)	7,155,000	Preferential Allotment	Ex-Promoters	Complied
09.11.1995	85,500 (0.30%)	8,010,000	Preferential Allotment	Ex-Promoters	Complied
28.12.1995	66,000 (0.23%)	8,670,000	Preferential Allotment	Ex-Promoters	Complied
07.08.1996	1,383,000 (4.80%)	22,500,000	Initial Public Issue	Ex-Promoters	Complied
07.08.1996	3,500,300 (12.15%)	57,503,000	Initial Public Issue	Others	Complied
20.03.2000	(3,430,400) [(11.91%)]	23,199,000	Forfeited due to non-payment of allotment monies	Others	Complied
23.12.2003	3,122,500 (10.84%)	54,424,000	Re-issue of forfeited shares	Others	Complied
19.08.2004	125,000 (0.43%)	55,674,000	Re-issue of forfeited shares	Others	Complied
25.08.2004	6,886,800 (23.90%)	124,542,000	Under scheme of amalgamation	Promoters & Others [2]	Complied
25.08.2004	2,295,700 (7.97%)	147,499,000	Under scheme of amalgamation	Promoters & Others [2]	Complied
26.01.2005	113,900 (0.40%)	148,638,000	Re-issue of forfeited shares	Others	Complied
26.01.2005	69,000 (0.24%)	149,328,000	Re-issue of forfeited shares	Others	Complied
04.04.2005	200,000 (0.69%)	151,328,000	Allotment against warrants	Promoters	Complied
23.05.2005	300,000 (1.04%)	154,328,000	Allotment against warrants	Promoters	Complied
31.08.2005	250,000 (0.87%)	156,828,000	Allotment against warrants	Promoters	Complied
17.07.2006	11,127,664 (38.62%)	268,104,640	Under scheme of amalgamation	Promoters and Others [3]	Complied
25.08.2006	2,000,000 (6.94%)	288,104,640	Preferential Allotment	Acquirer	Complied
23.11.2007	5,489,536 (15.93%)	343,000,000	Preferential Allotment	Acquirer	Complied

[1] Ex-Promoters mean and include promoters of the Target Company, who held majority shareholding prior to the Scheme of Amalgamation sanctioned by the Hon'ble Andhra Pradesh High Court by its order dated July 1, 2004 between the Target Company and ZLPL; Promoters mean and include the existing promoters i.e. Dr. Jayaram Chigurupati, Mrs. Padmashree Chigurupati and Zenotech LLC

[2] Pursuant to the scheme of amalgamation approved by Hon'ble High Court, Andhra Pradesh by its order dated July 1, 2004, between the Target Company and ZLPL, 91,82,500 Shares were issued to the erstwhile shareholders of ZLPL, which included 86,90,000 Shares issued to the Promoters

[3] Pursuant to the scheme of amalgamation approved by Hon'ble High Court, Andhra Pradesh by its order dated May 2, 2006, between the Target Company, CPL and HHPL, the erstwhile shareholders of CPL and HHPL were allotted 1,11,27,664 Shares, which included 94,39,474 shares issued to the Promoters

[4] This column does not include the value of stock options outstanding. If all the stock options outstanding as at the date of the PA were exercised, the number of shares outstanding of the Target Company would have been 2,89,75,464 and the equity capital would have been Rs. 28,97,54,640.

Out of the above, 1,24,74,500 shares held by the Promoters are under "lock-in" per the requirements of the BSE until March 8, 2010. Under the SPA between the Acquirer, the Promoters of the Target Company and the Target Company, the Acquirer will be purchasing 78,78,906 shares of these locked-in shares from the Promoters. The Shares, in the hands of the Acquirer, will continue to be subject to lock-in requirements for the remaining period of the lock-in, i.e. upto March 08, 2010. The Acquirer has given an undertaking, to the effect that it agrees to be subject to the lock-in requirements for the remaining period, to the BSE and the Target Company has been given approval by the BSE to transfer the locked-in shares.

5.7. There are no convertible instruments (warrants, fully convertible debentures, partly convertible debentures, etc) outstanding in the Target Company as of the date of the PA. However, the Target Company had issued 2,17,000 stock options to some of its key employees and Directors on July 17, 2006 as per its Zenotech Employee Stock Option Scheme, of which 1,65,000 options were still outstanding as of the date of the PA. In case all such outstanding options are exercised, the issued and fully paid-up equity capital of the Target Company will increase by 1,65,000 Shares of face value of Rs. 10/- each. This potential increase in the issued and fully paid-up equity capital of the Target Company has been taken into account for calculating voting rights of the Target Company as explained in paragraphs 2.1.5 and 2.2.2.

5.8. The Shares of the Target Company are listed on BSE and CSE. The Shareholders of the Target Company, in their General Meeting held on September 29, 2005, approved the de-listing of the Shares of the Target Company from the CSE. Pursuant to this, the Target Company has filed an application for de-listing its Shares from the CSE on March 28, 2006. As on the date of the PA, the Target Company was still to be de-listed from the CSE.

5.9. The Target Company has complied with the listing requirements and trading of its Shares has never been suspended by any of the Stock Exchanges. Further, no penal / punitive actions have been taken against the Target Company by the Stock Exchanges.

5.10. The Promoters and the Target Company have complied with the applicable provisions of Chapter II of SEBI Takeover Code except that there were three delays, as detailed below:

S. No.	Regulation/ Sub-regulation	Due Date for compliance as mentioned in the regulation	Actual Date of compliance	Delay, if any (in no. of days) Col. 4-Col.3	Remarks
1	2	3	4	5	6
1	8(3)	30.04.2001	18.10.2002	536	see Note
2	8(3)	30.04.2002	18.10.2002	171	see Note
3	8(3)	30.04.2003	16.05.2003	16	see Note

Note: The Promoters took over the management of the Company on August 25, 2004 by virtue of shares allotted pursuant to the amalgamation scheme between ZLPL and the Target Company. All information on statutory compliances prior to this period is based on information available with the Target Company through statutory records and documents submitted to various regulatory authorities. At the time of the above non-compliances, the promoters of the Target Company were Mrs. K.Rajeswari and Mrs. P.Varalakshmi.

5.11. The Target Company and the Sellers have confirmed that they have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the SEBI Act, 1992

5.12. The board of directors of the Target Company as of the date of the PA was as under:

Name	Appointment Date	Designation	Residential Address
Dr. Jayaram Chigurupati	October 31, 2003	Chairman and Managing Director	Plot No. 770E, Road No. 44, Jubilee Hills, Hyderabad – 500033
Dr. A. Ranganadha Rao	April 12, 2004	Independent Director	6-3-609/4, Anand Nagar, Khairtabad, Hyderabad – 500004
Dr. Denis Broun	August 25, 2004	Independent Director	B-5/16, Safdarjung Enclave, Off Africa Avenue, New Delhi – 110029
Mr. K. Ramakrishna Prasad	October 31, 2003	Independent Director	276, Kamalapuri Colony, Phase II, Hyderabad – 500073
Mr. M. Ravindra Vikram	November 29, 2005	Independent Director	7A, Surya Towers, S.P. Road, Secunderabad – 500003
Professor Vithala R. Rao	August 25, 2004	Independent Director	531, Cayuga Heights Road, Ithaca, New York 14850, U.S.A.
Lt. Col. (Retd.) Sukhdev Singh Gill	October 3, 2007	Independent Director	Q-2, PO Dera Baba Jaimal Singh, Via Beas, Distt. Amritsar -143204
Mr. Sanjeev Puri	October 3, 2007	Independent Director	E-549, Greater Kailash-II, New Delhi
Mr. S. M. Bhutani	October 3, 2007	Independent Director	757, C. A. Apartments, Paschim Vihar, New Delhi
Mr. Rajiv Sahai Endlaw	October 3, 2007	Independent Director	1- Bazar Lane, Bengali Market, New Delhi – 110001

None of these Directors is a representative of the Acquirer.

A brief profile of each of the directors of the Target Company is given below:

Dr. Jayaram Chigurupati

Dr. Jayaram Chigurupati in an MBA from Cornell University (1994) and a PhD in bio-chemical genetics (1988). Dr. Chigurupati has had a distinguished career in both science and industry and has been associated with recombinant proteins and bio-generics for the past eight years. Earlier, Dr. Chigurupati was an Associate Consultant with The Wilkerson Group, New York and a Technology Transfer Consultant at the Center of Advanced Technology, Cornell University, Ithaca, New York. He was also a founder and Vice President of Viral Therapeutics Inc, New York, where his responsibilities included development and marketing of recombinant proteins for therapeutic and diagnostic use. Dr. Chigurupati was also the Executive Vice President of Emerging Businesses (Biotechnology, Oncology and Diagnostics) and International Branded Formulations Marketing at Dr Reddy's Laboratories Limited. He was instrumental in establishing Dr Reddy's presence in many emerging markets of the world. He was also the Managing Director of Zenovus Biotech (a wholly owned subsidiary of Dr. Reddy's).

In addition to Zenotech Laboratories, Dr. Chigurupati is also a Director in Credence Clinical Research Private Limited, Rite Diagnostics Private Limited, Credence Infrastructure Limited, Credence Power Projects Limited, Hemarus Technologies Limited, Greenland Power Projects Limited, Credence Energy Systems Private Limited, Costal Local Area Bank Limited and Hemarus Biologicals Limited.

Dr. A. Ranganadha Rao

Dr. Ranganadha Rao Adipudi did his M.B.B.S. in 1952, acquired his postgraduate degree in general surgery in 1962 and his M.Ch. degree in 1969. He is one of the senior-most practising genito-urinary surgeons (urologist) and professors in India. He has been in teaching and clinical urology work from 1960, first as

Assistant Professor and later as Professor and Head of the Department of Urology, Osmania University Medical College in Andhra Pradesh. After his retirement from government service in 1983, he continues to be active in urological work and participates in teaching postgraduate students.

Dr. Rao has been participating actively in most national conferences on urology since the last 30 years and has been presenting scientific papers and publishing articles in reputed journals. He was on the Governing Council of the National Urological Society from 1978 to 1982, acted as its Secretary from 1982 to 1986 and was its President in 1989.

Besides ZLL, Dr. Rao is not a Director in any other company.

Dr. Denis Broun

Dr. Broun specialized in tropical diseases and epidemiology. He is also a graduate of the Paris Institute of Political Sciences. After several years working as a health economist in various countries in Africa and Asia, Dr. Broun joined the World Bank in 1991 and was in charge of the pharmaceuticals and vaccines sector as a Senior Health Specialist coordinating the Bank's work in the essential drugs area. In 1996, he was appointed Chief of the Health Section of UNICEF (New York) and then joined the World Health Organization in 1998, first as a deputy director for the Control of Tropical Diseases, then as Director or Resource Mobilization. In 2000, Dr. Broun joined Management Sciences for Health, and has been responsible for their European Office until 2005. He led the franchise activities of the Gates Foundation funded Strategies for Enhancing Access to Medicines (SEAM) to improve access to essential drugs. In 2005, Denis Broun became UNAIDS's country coordinator for India and currently lives in Delhi.

Besides ZLL, Dr. Broun is not a Director in any other company.

Mr. K. Ramakrishna Prasad

Mr. K. Ramakrishna Prasad holds a Bachelor of Science degree. He has more than three decades of experience in the media and publishing industry. He has successfully led a number of publications from their inception to commercial success.

In addition to ZLL, Mr. Prasad is also a Director in Sowbhagya Exports Limited, Siri Media Private Limited and Taraka Prabhu Publishers Private Limited.

Mr. M. Ravindra Vikram

Mr. Vikram has done his graduation in science and law. He is a Fellow member of the Institute of Chartered Accountants of India and is a partner of M. Anandam & Co., a reputed firm of Chartered Accountants in the twin cities of Andhra Pradesh.

Mr. Vikram is the trustee and treasurer of M. Venkatarangaiya Foundation, a leading voluntary organization doing pioneering work in literacy and in eradicating child labour in Ranga Reddy District. Earlier, he was the Treasurer of the Southern India Regional Council, Institute of Chartered Accountants of India (1991-94) and also the Chairman of Managing Committee, Hyderabad Branch of the Institute of Chartered Accountants of India.

In addition to Zenotech Laboratories, Mr. Vikram is also a Director in Indian Overseas Bank, ASM Technologies Limited, GTN Industries Limited, Glochem Industries Limited, A Bond Strands Private Limited, Wings Infonet Limited, Normak Fashions Private Limited, Normak India Private Limited, Tazarica Beverages Private Limited, M. Anandam Consultancy Services Pvt. Ltd. and Associated Business Counselling Services Private Limited.

Professor Vithala R. Rao

Professor Vithala R. Rao holds a Masters degree in Sociology from University of Michigan (1962) and a Ph.D. in Applied Economics/ Marketing from Wharton School of Management, University of Pennsylvania (1970). Prof. Rao started his career as Assistant Professor of Marketing and Quantitative Methods at the Johnson School of Management, Cornell University in 1970 and became a Professor in 1977. Since 1991, Prof. Rao is the Deane W. Malott Professor of Management at Cornell University. Prof. Rao teaches marketing strategy, marketing research, marketing models and brand management. He also teaches at various other universities including the Indian School of Business, Hyderabad.

Prof. Rao has consulted several corporations in the U.S. and abroad. He serves on the editorial boards of *Marketing Science* and *Journal of Marketing Research*. Prof. Rao has published articles in *Journal of*

Marketing Research, Journal of Marketing, Journal of Consumer Research, Management Science, Marketing Letters, Applied Economics, International Journal of Research in Marketing, and Marketing Science in the areas of conjoint analysis and multidimensional scaling for the analysis of consumer preferences and perceptions, pricing, market structure, bundling, and brand equity. He is the co-author of books, *Applied Multidimensional Scaling, Decision Criteria for New Product Acceptance and Success, New Science of Marketing, and Analysis for Strategic Marketing*.

Besides ZLL, Prof. Rao is not a Director in any other company.

Lt. Col. (Retd.) Sukhdev Singh Gill

Lt. Col. (Retd.) Sukhdev Singh Gill is a B Arch. from Chandigarh College of Architecture, Chandigarh and holds a Master degree in Urban and Rural Planning from IIT, Roorkee. He was commissioned in the Corps. of Engineers in 1970 and retired on January 4, 1995. During his tenure, he worked as a technical expert in the Army, Air force and Navy. He was associated with the leading Architects of India.

Other than ZLL, Lt. Col. Gill is not a Director in any other company.

Mr. Sanjeev Puri

Mr. Sanjeev Puri aged about 49 years, holds a B.Com. and L.L.B. degree and has been practicing as an advocate in Delhi High Court and Supreme Court for the last 25 years.

Other than ZLL, Mr. Puri is not a Director in any other company.

Mr. S.M. Bhutani

Mr. S.M. Bhutani is a graduate in Commerce and is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Bhutani started his career in Industry and worked with Punj Group of Companies for a period of over seven years before venturing into practice. In the year 1973, he floated M/s S. Mohan& Co. of which he is a senior partner. This firm is rendering professional services in the field of audit, tax, company matters, consultancy, finance planning and management information systems. Mr. Bhutani has vast experience of financial sector and is also associated with various Trade Associations.

Other than ZLL, Mr. Bhutani is not a Director in any other company.

Mr. Rajiv Sahai Endlaw

Mr. Rajiv Sahai Endlaw, aged about 48 years, holds a B.Sc. and L.L.B. degree. Mr. Endlaw is registered with the Bar Council of Delhi and is a practicing lawyer in Delhi High Court since 1982.

Other than ZLL, Mr. Endlaw is not a Director in any other company.

5.13. The standalone financials of the Target Company are as follows:

Financials for the years FY2005, FY2006 and FY2007 are based on the audited standalone financials of the Target Company and the standalone financials for three-months ending June 30, 2007 have been certified by the auditors in accordance with Clause 41 of the Listing Agreement.

Profit & Loss Statement

(In Rs. Lakhs, rounded off, unless otherwise specified)

	FY2005	FY2006	FY2007	Three months ending June 30, 2007
Income from Operations	495	1,237	2,202	355
Other Income	29	9	29	17
Total Income	524	1,246	2,231	372
Total Expenditure	457	1,125	1,658	379
Profit before Depreciation and Amortisation, Interest, Exceptional Items & Tax	67	121	573	(7)
Depreciation and Amortisation	168	123	273	103
Interest	21	53	211	67

Profit before Exceptional Items & Tax	(122)	(55)	89	(177)
Exceptional Items	(258)	-	-	-
Profit before Tax	(380)	(55)	89	(177)
Provision for Tax	29	19	(274)	1
Profit after Tax	(409)	(74)	363	(178)

Balance Sheet

(In Rs. Lakhs, rounded off, unless otherwise specified)

	FY2005	FY2006	FY2007
Sources of Funds			
Paid up share capital	1,493	1,568	2,881
Shares to be issued pursuant to scheme of amalgamation	-	1,113	-
Share Application Money (against warrants)	41	-	-
Reserves & Surplus (excluding revaluation reserves)[3]	1,487	1,533	3,333
Profit & Loss Account	(436)	(589)	(226)
Net Worth	**2,585**	**3,625**	**5,988**
Secured Loans	548	2,316	3,044
Unsecured Loans	91	645	248
Deferred Tax Liability (Net)	35	61	(229)
Total	3,259	6,647	9,051
Uses of Funds			
Net Fixed Assets (including Capital WIP)	1,354	5,305	6,767
Investments	142	454	226
Net Current Assets	928	402	1,533
Total miscellaneous expenditure not written off	835	486	525
Total	3,259	6,647	9,051

Other Financial Information

	FY2005	FY2006	FY2007	Three months ending June 30, 2007
Dividend (%)	NIL	NIL	NIL	NIL
Earning Per Share (Basic) (Rs.)	(2.74)	(0.35)	1.29	(0.62)
Earning Per Share (Diluted) (Rs.)	(2.74)	(0.35)	1.29	(0.62)
Return on Net Worth (%) [1]	-	-	6.63%	-
Book Value Per Share (Rs.) [2]	11.72	20.02	18.96	-

[1] *Return on Net Worth calculated as: Profit after Tax / Closing Net Worth after deducting Total Miscellaneous Expenditure Not Written Off*

[2] *Book Value Per Share calculated as: Closing Net Worth after deducting Total Miscellaneous Expenditure Not Written Off / Total No. of shares outstanding at year end*

[3] *Reserves & Surplus of the company comprised:*

(In Rs. Lakhs, rounded off, unless otherwise specified)

	FY2005	FY2006	FY2007
Share Forfeiture	103	-	-
Share premium	1,384	1,533	3,333
Total	1,487	1,533	3,333

5.14. An analysis of the financial performance of the Target Company during the last three years is given below

<u>FY2004-05:</u>

ZLL started commercial production during the year increasing its total income from Rs. 62 lakhs (FY2004) to Rs. 524 lakhs (FY2005). However, the net loss increased from Rs. 3 lakhs (FY2004) to Rs. 409 lakhs

(FY2005), largely due to high initial production and personnel costs in the year, and write-off of prior years' doubtful debts, investments and amalgamation expenses.

FY2005-06:

New products were introduced during the year contributing to a growth in total income from Rs. 524 lakhs (FY2005) to Rs. 1,246 lakhs (FY2006). In addition, the net loss decreased during the year from Rs. 409 lakhs (FY2005) to Rs. 74 lakhs (FY2006) as operating expenditures were streamlined during the second year of commercial production.

FY2006-07:

Total income increased during the year from Rs. 1,246 lakhs (FY2006) to Rs. 2,231 lakhs (FY2007) largely due to license fees earned from RLL amounting to Rs. 900 lakhs. In addition to this revenue growth, recognition of deferred tax asset during the year contributed to the profit after tax of Rs. 363 lakhs ad compared to a loss of Rs. 74 lakhs in FY2006.

5.15. Pre and post offer shareholding of the Target company is as follows:

Shareholders' category	Shares / voting rights prior to the agreement / acquisition and Offer (assuming exercise of all stock options outstanding on the PA date)		Shares / voting rights agreed to be acquired which triggered off the Regulations		Shares / voting rights to be acquired in Open Offer (assuming full acceptances)		Shares / voting rights after the acquisition and Offer (assuming exercise of all stock options outstanding on the PA date)	
	(A)		(B)		(C)		(A)+(B)+(C)=(D)	
	No.	%	No.	%	No.	%	No.	%
(1) Promoter Group								
(a) Parties to the agreement	1,64,53,906	56.79					85,75,000	24.88
(b) Promoters other than (a) above	-	-					-	-
Total 1 (a+b)	1,64,53,906	56.79					85,75,000	24.88
(2) Acquirers								
(a) Through Open Offer					68,93,000	20.00	68,93,000	20.00
(b) Through SPA			78,78,906	22.86			78,78,906	22.86
(c) Through Preferential Allotment	20,00,000	6.90	54,89,536	15.93			74,89,536	21.73
Total 2 (a)	20,00,000	6.90	1,33,68,442	38.79	68,93,000	20.00	2,22,61,442	64.59
(3) Parties to agreement other than (1)(a) and (2)	-	-	-	-	-	-	-	-
(4) Public (other than parties to agreement & acquirers)								
a) Institutions (Mutual Funs/UTI, FIs/Banks/ FIIs/ FVCI etc [1]	1,46,055	0.50					This will depend on the response within each category of (4)	
(b) Bodies Corporate[2]	18,55,779	6.40						
(c) Individuals (Indian Public/ NRIs/ Foreign Individuals etc. [3]	85,19,724	29.41						
Total 4 (a+b)	1,05,21,558	36.31					36,28,558	10.53
GRAND TOTAL (1+2+3+4)	2,89,75,464	100.00	1,33,68,442	38.79	68,93,000	20.00	3,44,65,000	100.00

[1] No shareholders in this category individually hold more than 1% of the paid up equity capital

[2] In this category, one shareholder holds more than 1% of the paid up equity capital: M/s Tripuraneni Investments Inc. holds 4,42,945 Shares

[3] In this category, one shareholder holds more than 1% of the paid up equity capital: Mr. Rakesh Radheshyam Jhunjhunwala holds 11,50,000 Shares

[4] The Target company had 8,955 shareholders as at September 30, 2007.

[5] All percentages in Column B, C, and D have been computed on the Expanded Voting Capital of the Target Company.

5.16. The details of the changes in shareholding of the Promoters are as follows:

Name of the Promoter: Dr. Jayaram Chigurupati

Date of Transaction	Particulars	Shares Purchased	Shares Sold	Total Holding of Promoter	% to Total Shares of Company	Status of Compliance
20-Dec-03	Purchased in Open Market	62,600	-	62,600	2.70%	Complied
During 2004	Sold in Open Market	-	17,500	45,100	0.31%	Complied
25-Aug-04	Allotted pursuant to amalgamation.	6,277,000	-	6,322,100	42.86%	Complied
04-Apr-05	Allotted pursuant to exercise of options	200,000	-	6,522,100	43.10%	Complied
23-May-05	Allotted pursuant to exercise of options	300,000	-	6,822,100	44.21%	Complied
31-Aug-05	Allotted pursuant to exercise of options	250,000	-	7,072,100	45.09%	Complied
During 2005	Sold in Open Market	-	2,114,448	4,957,652	31.61%	Complied
17-Jul-06	Allotted pursuant to amalgamation of CPL and HHPL with ZLL	6,379,474	-	11,337,126	42.29%	Complied
During 2006	Sold in Open Market	-	356,220	10,980,906	37.90%	Complied

Name of the Promoter: Mrs. Padmashree Chigurupati

Date of Transaction	Particulars	Shares Purchased	Shares Sold	Total Holding of Promoter	% to Total Shares of Company	Status of Compliance
25.Aug.04	Allotted pursuant to amalgamation.	500	-	500	0.00%	Complied
17.Jul.06	Allotted pursuant to amalgamation.	3,060,000	-	3,060,500	10.56%	Complied

Name of the Promoter: Zenotech LLC

Date of Transaction	Particulars	Shares Purchased	Shares Sold	Total Holding of Promoter	% to Total Shares of Company	Status of Compliance
03.Oct.05	Transferred from Zenotech Inc.	2,412,500	-	2,412,500	8.33%	Complied

Summary of Promoters' shareholding (before transfer and issue of shares under SPA and SSA respectively):

Name of the Promoter	No. of shares	Percentage[1]
Dr. Jayaram Chigurupati	1,09,80,906	37.90
Mrs. Padmashree Chigurupati	30,60,500	10.56
Zenotech LLC	24,12,500	8.33
Total shareholding of Promoters	1,64,53,906	56.79

[1] *Percentage of the Expanded Voting Capital of the Target Company*

5.17. The Target Company has confirmed vide its letter dated October 17, 2007 that it is in compliance with regard to corporate governance under Clause 49 of the Listing Agreement with Stock Exchanges.

5.18. There is no pending material litigation by or against the Target Company as on the date of the PA.

5.19. Compliance Officer:

Mr. I Srinivas, Company Secretary and Compliance Officer, Zenotech Laboratories Limited, 8-2-120/112/ 88-89, Park View Estate, 4th Floor, Road No.2, Banjara Hills, Hyderabad-500034; Phone: +91-40-23540994; Fax: +91-40-23555465; e-mail: srinivas.i@zenotechlabs.com

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1. Justification of Offer Price

6.1.1. The Shares of the Target Company are listed on BSE and CSE. The Shareholders of the Target Company, in their General Meeting held on September 29, 2005, approved the de-listing of the Shares of the Target Company from the CSE. Pursuant to this, the Target Company has filed an application for de-listing its Shares from the CSE on March 28, 2006. As on the date of the PA, the Target Company was still to be de-listed from the CSE.

6.1.2. The Acquirer made the PA on October 05, 2007. The annualized trading turnover during the period April 2007 to September 2007, the six calendar months prior to October 2007 (the month in which the PA was made), is as follows :

Name of the Stock Exchange	Total No. of Shares traded during the 6 calendar months prior to the month in which the PA was made	Total No. of listed Shares	Annualized trading turnover (in terms of % to total listed Shares)
BSE	6,345,919	28,810,464	44.05%
CSE	Nil	28,810,464	0%

6.1.3. As the annualized trading turnover (by number of Shares) on BSE is more than 5% of the total number of Shares of the Target Company, the Shares are deemed to be frequently traded on the BSE as per the explanation to regulation 20(5) of the Regulations. As there has been no trading of Shares of the Target Company on the CSE, the Shares are deemed to be infrequently traded on CSE as per the Regulations.

6.1.4. The Offer Price of Rs. 160/- (Rupees One Hundred and Sixty Only) per Share is justified in terms of regulation 20 of the Regulations as it is the highest of all the following prices:

a.	The negotiated price under SPA	Rs. 160/- per Share
b.	Proposed acquisition price under the Preferential Issue / SSA	Rs. 160/- per Share
c.	Highest price paid by the Acquirer including by way of allotment in a public or rights or preferential issue during the twenty six weeks preceding the date of the PA	Not applicable
d.	The average of the weekly high and low of the closing prices of the Shares on BSE during the twenty six weeks preceding the date of the PA; and during the twenty six weeks preceding the date of the board meeting where the Preferential Issue was proposed (October 3, 2007)	 Rs. 140.80 per Share Rs. 139.28 per Share
e.	The average of daily high and low prices of the Shares on BSE during the two weeks preceding the date of the PA; and	 Rs. 151.16 per Share

	during the two weeks preceding the date of the board meeting where the Preferential Issue was proposed (October 3, 2007)	Rs. 150.99 per Share

6.1.5. The details of closing prices and volume on BSE for the twenty six weeks preceding the date of the PA are as follows:

Week No.	Week ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of Shares)
1	Thursday, April 12, 2007	117.75	115.05	116.40	108,099
2	Thursday, April 19, 2007	127.05	116.65	121.85	158,056
3	Thursday, April 26, 2007	133.40	129.55	131.48	297,056
4	Thursday, May 03, 2007	136.30	128.10	132.20	103,833
5	Thursday, May 10, 2007	133.85	126.85	130.35	182,356
6	Thursday, May 17, 2007	130.10	125.95	128.03	131,988
7	Thursday, May 24, 2007	123.95	117.50	120.73	118,685
8	Thursday, May 31, 2007	128.25	116.70	122.48	197,443
9	Thursday, June 07, 2007	127.95	122.80	125.38	148,759
10	Thursday, June 14, 2007	122.10	114.15	118.13	129,628
11	Thursday, June 21, 2007	123.05	115.85	119.45	171,413
12	Thursday, June 28, 2007	127.55	121.90	124.73	295,410
13	Thursday, July 05, 2007	139.35	123.95	131.65	380,729
14	Thursday, July 12, 2007	165.50	149.90	157.70	1,134,584
15	Thursday, July 19, 2007	171.60	162.10	166.85	581,024
16	Thursday, July 26, 2007	160.55	151.45	156.00	203,500
17	Thursday, August 02, 2007	168.25	152.65	160.45	280,592
18	Thursday, August 09, 2007	166.10	158.90	162.50	136,105
19	Thursday, August 16, 2007	168.20	155.05	161.63	150,875
20	Thursday, August 23, 2007	157.00	143.60	150.30	211,249
21	Thursday, August 30, 2007	149.90	145.75	147.83	98,537
22	Thursday, September 06, 2007	153.70	144.40	149.05	191,198
23	Thursday, September 13, 2007	166.85	151.70	159.28	184,669
24	Thursday, September 20, 2007	162.80	153.45	158.13	362,452
25	Thursday, September 27, 2007	152.10	145.05	148.58	235,344
26	Thursday, October 04, 2007	167.30	152.10	159.70	1,494,629
	Average			140.80	

Source: www.bseindia.com

6.1.6. The details of closing prices and volume on BSE for the twenty six weeks preceding the date of the board meeting where the Preferential Issue was proposed are as follows:

Week No.	Week ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of Shares)
1	Tuesday, April 10, 2007	117.75	109.55	113.65	137,969
2	Tuesday, April 17, 2007	118.55	116.55	117.55	116,423
3	Tuesday, April 24, 2007	133.40	121.00	127.20	285,307
4	Monday, April 30, 2007	132.65	128.10	130.38	137,466
5	Tuesday, May 08, 2007	136.30	128.25	132.28	200,152
6	Tuesday, May 15, 2007	130.10	126.85	128.48	110,949
7	Tuesday, May 22, 2007	127.80	119.85	123.83	128,918
8	Tuesday, May 29, 2007	128.25	116.70	122.48	144,104
9	Tuesday, June 05, 2007	127.95	123.70	125.83	207,258
10	Tuesday, June 12, 2007	123.00	118.80	120.90	130,220
11	Tuesday, June 19, 2007	117.10	114.15	115.63	92,922
12	Tuesday, June 26, 2007	123.90	120.90	122.40	262,039

Week No.	Week ending	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of Shares)
13	Tuesday, July 03, 2007	127.85	123.95	125.90	301,042
14	Tuesday, July 10, 2007	155.45	132.75	144.10	958,752
15	Tuesday, July 17, 2007	171.60	150.70	161.15	860,291
16	Tuesday, July 24, 2007	163.05	155.60	159.33	275,067
17	Tuesday, July 31, 2007	168.25	151.45	159.85	216,250
18	Tuesday, August 07, 2007	166.10	161.70	163.90	194,962
19	Tuesday, August 14, 2007	168.20	158.90	163.55	166,815
20	Tuesday, August 21, 2007	157.00	149.35	153.18	212,635
21	Tuesday, August 28, 2007	149.90	143.60	146.75	119,176
22	Tuesday, September 04, 2007	152.60	144.40	148.50	158,285
23	Tuesday, September 11, 2007	153.70	151.90	152.80	173,912
24	Tuesday, September 18, 2007	166.85	151.70	159.28	300,869
25	Tuesday, September 25, 2007	157.55	149.50	153.53	268,577
26	Monday, October 01, 2007	152.55	145.05	148.80	198,662
	Average			139.28	

Source: www.bseindia.com

6.1.7. The details of the daily high and low prices and volume on BSE for the two weeks preceding the date of the PA are as follows:

Day No.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of Shares)
1	Friday, September 21, 2007	157.00	142.00	149.50	47,755
2	Monday, September 24, 2007	155.00	145.00	150.00	41,966
3	Tuesday, September 25, 2007	154.00	148.50	151.25	43,261
4	Wednesday, September 26, 2007	152.00	139.00	145.50	27,552
5	Thursday, September 27, 2007	157.75	145.00	151.38	74,810
6	Friday, September 28, 2007	156.70	138.00	147.35	47,216
7	Monday, October 01, 2007	155.00	138.00	146.50	49,084
8	Wednesday, October 03, 2007	167.30	136.90	152.10	971,657
9	Thursday, October 04, 2007	182.90	150.90	166.90	426,672
	Average			151.16	

Source: www.bseindia.com

6.1.8. The details of the daily high and low prices and volume on BSE for the two weeks preceding the date of the board meeting where the Preferential Issue was proposed are as follows:

Day No.	Date	High (Rs.)	Low (Rs.)	Average (Rs.)	Volume (No. of Shares)
1	Wednesday, September 19, 2007	166.00	156.15	161.08	60,776
2	Thursday, September 20, 2007	160.00	152.80	156.40	74,819
3	Friday, September 21, 2007	157.00	142.00	149.50	47,755
4	Monday, September 24, 2007	155.00	145.00	150.00	41,966
5	Tuesday, September 25, 2007	154.00	148.50	151.25	43,261
6	Wednesday, September 26, 2007	152.00	139.00	145.50	27,552
7	Thursday, September 27, 2007	157.75	145.00	151.38	74,810
8	Friday, September 28, 2007	156.70	138.00	147.35	47,216
9	Monday, October 01, 2007	155.00	138.00	146.50	49,084
	Average			150.99	

Source: www.bseindia.com

6.1.9. Since the Shares of the Target Company are infrequently traded on CSE, valuation parameters mentioned in regulation 20(5) of the Regulations have also been considered as below:

S. No.	Parameter	Value
1	Book value per Share as of March 31, 2007 [1]	Rs. 19.53
2	Return on Net Worth during the year ended March 31, 2007 [1]	6.63%
3	Earnings per Share during the year ended March 31, 2007 [1]	Rs. 1.29
4	Industry Price-Earnings Multiple [2]	13.9x

[1] *Based on the latest audited standalone financials of the Target Company for the year ended March 31, 2007 and the weighted average number of Shares outstanding during the year then ended*

[2] *Value as per the Capital Market issue of Sep 24th – Oct 7th, 2007*

M/s I.M. Puri & Co. (Partner: Mr. Sudhir Sharma, Membership No.: 097380) has certified the value of the Share of the Target Company vide their certificate dated October 3, 2007. As per their certificate, the book value per Share as of March 31, 2007 was Rs. 19.53 per Share and the imputed value per Share (product of earnings per Share and the industry price-earnings multiple) was Rs. 17.93 per Share. The Offer Price of Rs. 160 per Share is higher than both the values mentioned above.

6.1.10. The Sellers, the Acquirer and the Target Company have entered into a non-compete and non-solicitation agreement dated October 3, 2007 without payment of any compensation for the same to the Sellers.

6.1.11. Based on the above and in the opinion of the Manager to the Offer and the Acquirer, the Offer Price is justified as per the Regulations.

6.1.12. As per the Regulations, the Acquirer can revise the Offer Price upwards upto 7 working days prior to the closure of this Offer and the revision, if any, in the Offer Price would be announced in the same newspapers where the PA has appeared and the revised price will be paid for all Shares acquired pursuant to this Offer.

6.1.13. If the Acquirer acquires Shares after the date of the PA upto 7 working days prior to the close of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all the valid acceptances received under the Offer, provided no such acquisition shall be made by the Acquirer during the last 7 working days prior to the closure of the Offer.

6.2. Financial Arrangements

6.2.1. The total financial resources required for this Offer, assuming full acceptance will be Rs. 110,28,80,000 (Rupees One Hundred and Ten Crores, Twenty Eight Lakhs and Eighty Thousand only) ("Maximum Consideration").

6.2.2. By way of security for performance of its obligations under the Regulations, the Acquirer has made an escrow arrangement for the Offer comprising a bank guarantee, valid till February 8, 2008, issued by Citibank N.A., DLF Center, 5th Floor, Parliament Street, New Delhi – 110001, in favour of the Manager to the Offer for Rs. 26,02,88,000 (Rupees Twenty Six Crores, Two Lakhs and Eighty Eight Thousand only) in accordance with regulation 28(2) of the Regulations. Further, the Acquirer has made the cash deposit with Citibank N.A., DLF Center, 5th Floor, Parliament Street, New Delhi – 110001, for an amount of Rs. 1,10,28,800 (Rupees One Crore, Ten Lakhs, Twenty Eight Thousand and Eight Hundred only) in accordance with regulation 28(10) of the Regulations. The Manager to the Offer is empowered to realise the value of the aforesaid bank guarantee and the cash deposit in terms of the Regulations.

6.2.3. The Acquirer has made adequate and firm financial arrangements to fulfil its obligations under the Offer. It has placed deposits with banks in excess of Rs. 110.288 crores (being the maximum consideration). These funds are from the internal accruals of the Acquirer. There are no corporate borrowings which are being taken by the Acquirer for the above-mentioned purpose. Walker, Chandiok & Co., Chartered Accountants, L-41 Connaught Circus, New Delhi – 110001, Tel: +91-11-42787070; Fax: +91-11-42787071 (Partner: Mr. B.P. Singh, Membership No.: 70116) ("Accountants") have confirmed, vide their certificate dated October 3, 2007, that the Acquirer has adequate financial resources available for meeting its obligations under the Regulations for a value up to the Maximum Consideration.

6.2.4. On the basis of the aforesaid financial arrangements and based on the Accountants' certificate, the Manager to the Offer confirms the ability of the Acquirer to implement the Offer in accordance with the Regulations.

7. TERMS AND CONDITIONS OF THE OFFER

7.1. This Offer is being made to all persons who are Shareholders or beneficial owners (registered or otherwise) of Shares of the Target Company at any time prior to the closure of the Offer, except to the Acquirer and the Sellers. The Letter of Offer together with the Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will be mailed to the Shareholders of the Target Company whose names appear on the Register of Members of the Target Company and the beneficial owners of the Shares of the Target Company whose names appear as beneficiaries on the records of the respective depositories at the close of business on October 26, 2007 (the "Specified Date"), except to the Acquirer and the Sellers. Accidental omission to dispatch this Letter of Offer to any person to whom this Offer is made or the non-receipt or delayed receipt of this Letter of Offer by any such person will not invalidate this Offer in any way.

7.2. The Acquirer will acquire the Shares, free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter. Shares that are subject to any charge, lien or encumbrance are liable to be rejected.

7.3. Any Shares of the Target Company that are the subject matter of litigation or are held in abeyance due to the restriction from court / forum / ITO attachment, etc., wherein the Shareholder(s) may be precluded from transferring the Shares during the pendency of the said litigation are liable to be rejected in case directions / orders of the court / forum / ITO, etc., permitting transfer of these Shares are not received together with the Shares tendered under the Offer.

7.4. Each Shareholder of the Target Company to whom this Offer is being made is free to offer his shareholding in the Target Company in whole or in part while accepting this Offer. The acceptance must be unconditional and should be absolute and unqualified.

7.5. To the extent of the Offer Size, all the Shares of the Target Company that are validly tendered pursuant to this Offer are proposed to be acquired by the Acquirer.

7.6. The Regulations provide for an upward revision of the Offer Price and the number of Shares to be acquired, at any time up to seven working days prior to the closure of the Offer viz. up to January 4, 2008 and allows withdrawal of the Offer under certain circumstances. Any such revision / withdrawal would be informed by way of an announcement in the same newspapers where the original PA appeared. In case of revision, the revised price will be payable by the Acquirer for all the Shares that are validly tendered pursuant to the Offer.

7.7. Shareholders who hold Shares in physical form and who wish to tender their Shares will be required to send the Form of Acceptance-cum-Acknowledgement, duly signed and completed in the manner specified therein together with all the necessary documents, as specified in the section of the Letter of Offer entitled "Procedure for Acceptance and Settlement", to the Registrar to the Offer at any of its collection centres, mentioned under paragraph 8.1 of this Letter of Offer, either by hand delivery during business hours or by registered post so that the same are received on or before the Offer closing date i.e. January 15, 2008.

7.8. In respect of dematerialized Shares the credit for the Shares tendered must be received in the special depository account as specified in paragraph 8.2.1 on or before 3:00 p.m. Indian Standard Time on January 15, 2008. If the Shareholders hold their Shares through CDSL, their depository participant instruction will have to take the form of an inter-depository delivery instruction to CDSL for the purpose of crediting their Shares in favour of the special depository account with NSDL as mentioned in paragraph 8.2.1.

7.9. The acceptance of the Offer made by the Acquirer is entirely at the discretion of the Shareholders of the Target Company. The Acquirer will not be responsible in any manner for any loss of share certificate(s) and/or Offer acceptance documents during transit and the Shareholders of the Target Company are advised to adequately safeguard their interest in this regard. In case of any lacunae and/or defect or modifications in the documents/forms submitted, the acceptance is liable to be rejected.

7.10. Persons who have acquired Shares of the Target Company (irrespective of the date of purchase) but not received the Letter of Offer, may also participate in the Offer by submitting their consent to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, distinctive numbers, folio number, number of Shares offered, along with the necessary documents (as mentioned in paragraph 8.2) so as to reach the Registrar to the Offer on or before the closure of the Offer.

7.11. The instructions, authorisations and provisions contained in the Form of Acceptance-cum-Acknowledgement constitute part of the terms of this Letter of Offer.

7.12. Statutory Approvals

7.12.1. The Offer is subject to receipt of approval from the Reserve Bank of India ("RBI") under the Foreign Exchange Management Act, 1999 ("FEMA") for the acquisition of Shares by the Acquirer from non-resident persons who validly tender their Shares under the Offer, if any. The Acquirer shall make the necessary application to RBI upon closure of the Offer in respect of the validly tendered Shares, as applicable.

7.12.2. To the best of knowledge and belief of the Acquirer, there are no other statutory approvals required to acquire the Shares that are validly tendered pursuant to the Offer. If any other statutory approvals are required or become applicable, the Offer would be subject to receipt of such other statutory approvals. The Acquirer will not proceed with the Offer in the event that such statutory approvals that are required are refused, in terms of regulation 27 of the Regulations.

7.12.3. It may be noted that in case of non-receipt of statutory approvals within time, SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to Shareholders subject to the Acquirer agreeing to pay interest for the delay, as directed by SEBI under regulation 22(12) of the Regulations. Further, if the delay occurs due to wilful default of the Acquirer in obtaining the requisite approvals, regulation 22(13) of the Regulations will become applicable.

7.12.4. The Acquirer does not require any approvals from financial institutions or banks for the Offer.

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT

8.1. The Shareholders of the Target Company who wish to avail of and accept the Offer should deliver all the relevant documents at any of the Registrar to the Offer's collection centres mentioned below in accordance with the procedure as set out in this Letter of Offer. All collection centres mentioned below would be open during the Offer period on all working days (except Sundays and Bank Holidays) during the business hours as specified below. Shareholders are advised to ensure that the Form of Acceptance-cum-Acknowledgement and all other documents are complete in all respect otherwise the same are liable to be rejected.

S. No.	Collection Centre	Address of Collection Centre	Contact Person	Phone No.	Fax No.	Mode of Delivery
1.	Mumbai	16-22 Bake House, Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort Mumbai-400023	Ms. Nutan Shirke	022-66382666	022-66331135	Hand Delivery
2.	New Delhi	105-108, Arunachal Building, 19 Barakhamba Road, Connaught Place, New Delhi-110001	Mr. Michael George	011-23324401	011-23324621	Hand Delivery
3.	Kolkata	49, Jatin Das Road, Near Deshpriya Park, Kolkata-700029	Mr. Sujit Kundu/ Debnath	033-24644891	033-24644866	Hand Delivery
4.	Chennai	No.33/1, Venkatraman Street, T. Nagar, Chennai-600017	Mr. Gunasekaran	044-28151793 / 1794 / 4781	044-28153181	Hand Delivery
5.	Hyderabad	Plot No. 17 to 24 Vithalrao Nagar, Madhapur, Hyderabad - 500081	Ms. Rinki Sareen	040-23420818	040-23420814	Hand Delivery / Registered Post
6.	Bangalore	No. 59, Skanda, Putana Road, Basavanagudi, Bangalore-560004	Mr. Nanda Kishore / Sudha	080-26621192	080-26621169	Hand Delivery
7.	Ahmedabad	201-202 Shail Building, Opp. Madhusudhan House, Near Girish Cool	Mr. Jayesh	079-26420422 / 26400528	079-26565551	Hand Delivery

S. No.	Collection Centre	Address of Collection Centre	Contact Person	Phone No.	Fax No.	Mode of Delivery
		Drinks, Off CG Road Ahmedabad-380006				

Business Hours: Monday to Friday: 10:00 a.m. to 3:00 p.m.; Saturday: 10:00 a.m. to 1:00 p.m.
Holidays: Sundays & Bank Holidays

The Shareholders should hand deliver their documents to any one of the collection centres mentioned in the table above. Those who cannot hand deliver their documents may send the same by registered post with acknowledgement due, at their own risk, to only such collection centres as indicated under the column "Mode of Delivery" in the table above. The documents, whether submitted by hand delivery or registered post, should reach the collection centre before the close of the Offer i.e. 3:00 p.m. on January 15, 2008.

NO SHARES OR DOCUMENTS SHOULD BE SENT DIRECTLY TO THE ACQUIRER, THE TARGET COMPANY OR THE MANAGER TO THE OFFER

8.2. Documents to be delivered by all Shareholders

8.2.1. For Shares held in DEMATERIALIZED FORM

a. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant ("DP").

b. Photocopy of the delivery instruction in "Off-Market" mode or counterfoil of the delivery instruction slip in "Off-Market" mode, duly acknowledged by the DP in favour of the special depository account as follows:

Depository Name	National Securities Depository Limited
DP Name	Karvy Stock Broking Limited
DP ID Number	IN 300394
Account Name	KCPL Escrow Account – Zenotech Open Offer
Beneficiary Account Number	15988063
ISIN	INE 486F01012
Mode	Off-Market
Execution Date	On or before January 15, 2008

Please note the following:

(i) Shareholders should ensure that the Shares are credited in the aforementioned account not later than 3:00 p.m. on January 15, 2008.

(ii) For each delivery instruction, the beneficial owner should submit a separate Form of Acceptance-cum-Acknowledgement.

(iii) The Registrar to the Offer is not bound to accept those acceptances, for which corresponding Shares have not been credited to the above special depository account or for Shares that are credited in the above special depository account but the corresponding Form of Acceptance has not been received as on the date of closure of the Offer.

8.2.2. For Shares held in PHYSICAL FORM BY REGISTERED SHAREHOLDERS

a. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all Shareholders. In case of Shares held in joint names, names should be filled up in the same order in which they hold Shares in the Target Company. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.

b. Original share certificate(s).

c. Valid share transfer deed(s) duly signed by transferor (by all the shareholders in case the Shares are in joint names) as per the specimen signatures registered with the Target Company and duly witnessed at the appropriate place(s).

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE SHARE TRANSFER DEED

8.2.3. For Shares held in PHYSICAL FORM BY PERSONS NOT REGISTERED AS SHAREHOLDERS

a. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.

b. Original share certificate(s) accompanied by valid share transfer deed(s) as received from the market, wherein the name of the transferee has not been filled in.

c. Original broker contract note of a registered broker of a recognised stock exchange in relation to the purchase of the Shares being tendered in this case.

d. In case the share certificate(s) and the share transfer deed(s) are lodged with the Target Company / its transfer agents for transfer, then the acceptance shall be accompanied by the acknowledgement of lodgement with, or receipt by, the Company / its transfer agents, of the share certificate(s) and the share transfer deed(s).

e. No indemnity is required from persons not registered as Shareholders.

8.2.4. Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the application is being sent failing which the tender would be considered invalid and would be liable to be rejected. Such documents may include (but not be limited to):

a. Duly attested death certificate and succession certificate (in case of single shareholder) in case the original shareholder has expired.

b. Duly attested power of attorney if any person apart from the shareholder has signed the Form of Acceptance or share transfer deed(s).

c. No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

d. In case of companies, the necessary certified corporate authorisations (including board and/or general meeting resolutions).

8.2.5. Shareholders who have sent their physical Shares for dematerialization may participate in the Offer by submitting the Form of Acceptance-cum-Acknowledgement along with a copy of the dematerialization request form duly acknowledged by the depository participant. Shareholders who have sent their physical Shares for dematerialization need to ensure that the process of getting their Shares dematerialized is completed well in time so that the credit in the special depository account duly instructed by the Shareholder should be received on or before the close of the Offer i.e. January 15, 2008, else the application will be rejected.

8.2.6. While tendering Shares under the Offer, non-resident Shareholders are required to submit a copy of the previous approvals from the RBI (specific or general) that they would have obtained for acquiring the Shares held by them in the Target Company. In case the previous approvals from RBI are not submitted, the Acquirer reserves the right to reject such Shares tendered. Non-resident Shareholders are also required to submit a Tax Clearance Certificate from the Indian Income Tax authorities, indicating the amount of tax to be deducted by the Acquirer under the Income Tax Act, 1961, before remitting the consideration. In case the aforesaid Tax Clearance Certificate is not submitted, the Acquirer will arrange to deduct tax at the rate as may be applicable to the category of the Shareholder under the Income Tax Act, 1961, on the entire consideration amount payable to such non-resident Shareholders.

8.3. In case of non-receipt of the Letter of Offer, Form of Acceptance-cum-Acknowledgement or Form of Withdrawal, the eligible shareholders may obtain a copy of the same from the Manager to the Offer or the Registrar to the Offer on providing suitable documentary evidence of acquisition of the Shares. A copy of the Letter of Offer (including the Form of Acceptance-cum-Acknowledgement and the Form of Withdrawal) is expected to be available on SEBI's website, www.sebi.gov.in, from the Offer opening date. Eligible

Shareholders can download these documents from SEBI's website and apply on the same. Alternatively, those desirous of tendering their Shares to the Acquirer may also participate in the Offer as follows:

a. In case Shares are held in the dematerialized form, by sending their consent in writing on a plain paper to the Registrar to the Offer, such that it is received by the Registrar to the Offer before 3:00 p.m. Indian Standard Time on January 15, 2008, stating the name, address, no. of Shares held, no. of Shares offered, DP name, DP ID, beneficiary account number along with a photocopy of the delivery instruction in "Off-Market" mode, duly acknowledged by the DP, in favour of "KCPL Escrow Account – Zenotech Open Offer" filled as specified in paragraph 8.2, as applicable, above.

b. In case of Shares held in physical form, by sending their consent in writing to the Registrar to the Offer, on a plain paper stating the name, address, no. of Shares held, no. of Shares offered, distinctive nos., folio no., the original contract note issued by a registered share broker of a recognised stock exchange through whom such Shares were acquired, along with the original share certificate(s) and share transfer deed(s) duly signed (as specified in paragraph 8.2, as applicable, above) either by hand delivery or by registered post with acknowledgement due, such that these are received by the Registrar to the Offer before 3:00 p.m. Indian Standard Time on January 15, 2008.

8.4. In case the number of Shares validly tendered in the Offer by the Shareholders of the Target Company are more than the Shares to be acquired under the Offer, the acquisition of Shares from each Shareholder will be as per the provisions of regulation 21(6) of the Regulations, on a proportional basis in such a way that the acquisition from any Shareholder shall not be less than the minimum marketable lot, or the entire holding if it is less than the marketable lot. As the Shares trade in the compulsory dematerialized settlement segment of BSE and CSE, the minimum marketable lot for the Shares is 1 (one).

8.5. In case of delay in receipt of statutory approvals (stated in paragraph 7.12) beyond the last date for completion of all formalities under the Offer i.e. January 28, 2008, SEBI has the power to grant extension of time to the Acquirer for payment of consideration to Shareholders, subject to the Acquirer agreeing to pay interest for the delayed period, as directed by SEBI in terms of regulation 22(12) of the Regulations.

8.6. The payment of consideration for accepted applications will be made by the Acquirer in cash through account payee cheques, drafts, warrants, etc. and sent by registered post. In case of joint holders the cheques / drafts / warrants will be drawn in favour of the first named person. It is desirable that Shareholders provide bank details in the Form of Acceptance-cum-Acknowledgement, so that the same can be incorporated in the cheques / drafts / warrants.

8.7. The unaccepted share certificates, share transfer forms and other documents, if any, would be returned by registered post at the Shareholders' sole risk. Unaccepted Shares held in dematerialized form will be credited back to the beneficial owners' depository account with the respective depositary participant as per details furnished in the Form of Acceptance.

8.8. The Registrar to the Offer will hold in trust the Form of Acceptance, Shares / share certificates, share transfer deeds and / or other documents on behalf of the Shareholders of the Target Company who accept the Offer, till the cheques / drafts / warrants for the consideration are dispatched and / or unaccepted share certificates / Shares, if any, are dispatched / returned to the relevant Shareholders.

8.9. In terms of regulation 22(5A) of the Regulations, Shareholders who are desirous of withdrawing the acceptances tendered by them in the Offer, may do so upto 3 (three) working days prior to the date of closure of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centres mentioned in paragraph 8.1 as per the mode of delivery indicated therein on or before 3:00 p.m. on January 10, 2008.

a. The withdrawal option can be exercised by submitting the Form of Withdrawal, enclosed with the Letter of Offer, duly signed by all the registered holders as per their specimen signature recorded with the Target Company for Shareholders in case of physical holdings / with the depository in case of electronic holdings. The signature of the beneficial holders on the Form of Withdrawal should be attested by the Depository Participant.

b. The Form of Withdrawal should be submitted together with the Acknowledgement slip in original / copy of the submitted Form of Acceptance-cum-Acknowledgement in case delivered by registered post with acknowledgement due.

c. In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

   (i) In case of physical shares: Name, address, distinctive nos., folio nos. and number of Shares tendered / withdrawn.

   (ii) In case of dematerialized shares: Name, address, number of shares tendered / withdrawn, DP name, DP ID, beneficiary account no. and a photocopy of the delivery instruction in "Off-Market" mode or counterfoil of the delivery instruction in "Off-Market" mode, duly acknowledged by the DP in favour of the special depository account.

   (iii) In case of Shares held in joint names, names should be filled up in the same order in which they hold Shares in the Target Company. This order cannot be changed or altered nor can any new name be added.

d. Shareholders who have tendered Shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining equity shares (i.e. Shares not withdrawn) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with the Target Company and duly witnessed at the appropriate place.

e. The withdrawal of Shares will be available only for the share certificates / Shares that have been received by the Registrar to the Offer / special depository account.

f. The intimation of returned Shares to the Shareholders will be at the address as per the records of the Target Company or the depositories as the case may be.

g. The Form of Withdrawal should be sent only to the Registrar to the Offer at the collection centres mentioned in paragraph 8.1.

h. In case of partial withdrawal of Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from Target Company.

i. Partial withdrawal of tendered Shares can be done only by the registered shareholders / beneficial owners. In case of partial withdrawal, the earlier Form of Acceptance-cum-Acknowledgement will stand revised to that effect.

j. Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

9. DOCUMENTS FOR INSPECTION

9.1. Copies of the following material documents will be available for inspection by Shareholders of the Target Company at the office of the Manager to the Offer at 2nd Floor, Forbes Building, Charanjit Rai Marg, Fort, Mumbai – 400001, between 10:30 a.m. to 1:00 p.m. on any day, except Saturdays, Sundays and public holidays, from the date of opening of the Offer up to the closure of the Offer:

- Certified true copy of Certificate of Incorporation, Memorandum and Articles of Association of the Acquirer
- Audited annual reports of the Acquirer for the last three years, as applicable
- Certificate from Walker, Chandiok & Co., Chartered Accountants (Partner: Mr. B.P. Singh, Membership No.: 70116) dated October 3, 2007, certifying the adequacy of financial resources with Acquirer to fulfil the obligations under the Offer
- Bank Guarantee issued by Citibank N.A., DLF Center, 5th Floor, Parliament Street, New Delhi – 110001, in accordance with the terms of the Regulations

- Letter from Citibank N.A., DLF Center, 5th Floor, Parliament Street, New Delhi – 110001, confirming the cash deposit for an amount of 1% of the Maximum Consideration in accordance with the Regulations.
- Audited annual reports of the Target Company for the last three years, as applicable
- Copy of the SPA and the SSA which triggered the Open Offer
- Copy of the non-compete and non-solicitation agreement dated October 3, 2007
- A published copy of the PA dated October 5, 2007
- SEBI observation letter in terms of proviso to regulation 18(2) of the Regulations dated 30 November, 2007
- Agreement regarding the special depository account with the depository participant

10. DECLARATION BY THE ACQUIRER

The Board of Directors of the Acquirer accepts full responsibility for the information (except for the information relating to the Target Company, which has been compiled from publicly available sources or received from the Target Company) contained in this Letter of Offer as evidenced by the signature of their authorised representative for this purpose. The Acquirer would be responsible for ensuring compliance with the Regulations.

For and on behalf of
Ranbaxy Laboratories Limited

Name	: S.K. Patawari	Name	: Rajbeer Sachdeva
Designation	: Company Secretary	Designation	: Director - Legal
Date	: December 13, 2007	Date	: December 13, 2007
Place	: Gurgaon (Haryana)	Place	: Gurgaon (Haryana)

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT
ZENOTECH LABORATORIES LIMITED OPEN OFFER
THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

(Please send this form with enclosures to Karvy Computershare Private Limited at any of the collection centres as mentioned in the Letter of Offer)

From

Name:

Address:

Tel No.:

Folio No./ DP ID No./ Client ID No. :

OFFER	
OPENS ON	December 24, 2007
LAST DATE OF WITHDRAWAL	January 10, 2008
CLOSES ON	January 15, 2008

To,
Ranbaxy Laboratories Limited,
C/o. Karvy Computershare Private Limited,
Plot No. 17 to 24, Vithalrao Nagar, Hi-Tech City Road, Madhapur, Hyderabad - 500081, India.

Dear Sir/Madam,

Sub: Open Offer to acquire up to 68,93,000 fully paid-up equity shares of Rs. 10/- each, representing 20% of Expanded Voting Capital (as defined in the Letter of Offer) of Zenotech Laboratories Limited ('Target Company'), by Ranbaxy Laboratories Limited (the 'Acquirer') at a price of Rs. 160 (Rupees One Hundred and Sixty only) per fully paid-up equity share, ('Offer Price') payable in cash. (the 'Offer')

I/We refer to the Letter of Offer dated October 19, 2007 for acquiring the equity shares held by me/us in the Target Company ('the Shares'). I/We, the undersigned, have read the Letter of Offer, understood its contents, and unconditionally accepted the terms and conditions as mentioned therein.

SHARES HELD IN PHYSICAL FORM

I/We, accept the Offer and enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our Shares as detailed below:

S. No.	Folio No.	Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
Total					

(Please attach additional sheets of paper and authenticate the same if the space provided is insufficient.)

SHARES HELD IN DEMATERIALISED FORM

I/We, holding Shares in the dematerialised form, accept the Offer and enclose a photocopy of the Delivery Instruction in "Off-market" mode, duly acknowledged by my/our Depository Participant ("DP") in respect of my/our Shares as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares
Total				

I/We have executed an off-market transaction for crediting the Shares to the depository account with Karvy Stock Broking Ltd. at National Securities Depository Limited ('NSDL') styled 'KCPL Escrow A/c – Zenotech Open Offer'.

Shareholders having their beneficiary account with CDSL will have to use inter-depository slip for the purpose of crediting their shares in favour of the Special Depository Account with NSDL.

ENCLOSURES (PLEASE TICK AS APPROPRIATE, IF APPLICABLE)

____ Photocopy of the Delivery instruction slips
____ Physical share certificates
____ Transfer deeds
____ Power of Attorney
____ Corporate authorization in case of Companies along with Board Resolution and Specimen Signatures of Authorised Signatories
____ No Objection Certificate & Tax Clearance Certificate under Income Tax Act, 1961, for NRIs/OCBs/Foreign Shareholders as applicable
____ Death Certificate/ Succession Certificate
____ Others (please specify): ____

DECLARATIONS

1. I/We confirm that the equity shares of Zenotech Laboratories Limited, which are being tendered herewith by me/us under the Offer, are free from liens, charges and encumbrances of any kind whatsoever.
2. I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the Offer until the time the Acquirer pays the purchase consideration as mentioned in the Letter of Offer.
3. I/We also note and understand that the Acquirer will pay the purchase consideration only after verification of the documents and signatures by the Registrar to the Offer.
4. I/We authorise the Acquirer and the Registrar to the Offer to send by registered post/speed post/UPC at my/our risk, the draft/cheque, in full and final settlement of the amount to the sole/first holder at the address mentioned above. In case I/we have tendered my shares in dematerialised form, I/we authorize the Acquirer and the Registrar to the Offer to use my details regarding my address and bank account details, as obtained from my depository participant, for the purpose of mailing the aforementioned instruments.
5. I/We note and understand that the dematerialised Shares would lie in the Special Depository Account until the time the Acquirer makes payment of purchase consideration as mentioned in the Letter of Offer.
6. I/We authorise the Acquirer to accept the Shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer, and I/we further authorize the Acquirer to return to me/us, physical share certificate(s) and/or dematerialised Shares in respect of which the offer is not found valid/not accepted, without specifying the reasons thereof.
7. The Permanent Account Number (PAN/GIR No.) allotted to me/us under the Income Tax Act, 1961 is as under:

	1st Shareholder	2nd Shareholder	3rd Shareholder
PAN/GIR No.			
Ward No.			

(So as to avoid fraudulent encashment in transit, shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.

Name of the Bank ____ Branch ___________ City ___________
Account Number ___________________________________ Savings/Current/Others (please specify) _____________________

For equity shares that are tendered in electronic form, the bank account as contained from the beneficiary position provided by the depository will be considered and the draft/warrant/cheque will be issued with the said bank particulars.)

8. For NRIs /FIIs / Foreign Shareholders:

I/we, have enclosed the following documents

____ No objection certificate / Tax clearance certificate from the Income Tax Authorities

____ RBI approvals for acquiring Shares of Zenotech Laboratories Limited hereby tendered in the Offer

____ Copy of Permanent Account Number / PAN Card

9. For FII Shareholders:

I / We, confirm that the equity shares of Zenotech Laboratories Limited are held by me / us on Investment / Capital Account or Trade Account *(strike out whichever is not applicable in your case).*

(In case the shares are held on trade account, kindly enclose a certificate stating that you are a tax resident of your country of residence / incorporation and that you do not have a permanent establishment in India in terms of the Double Taxation Avoidance Agreement (DTAA) entered into between India and your country of residence. In order to avail the benefit of lower rate of tax deduction under the DTAA, if any, kindly enclose a certificate stating that you are a tax resident of your country of incorporation in terms of the DTAA entered into between India and your country of residence.)

Yours faithfully,

Signed and Delivered,

	Full name(s) of the holder	Signature(s)
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Note: In case of joint holdings, all holders must sign. In case of body corporate, the Company seal should be affixed

Place: Date:

SHAREHOLDERS SHOULD NOTE THAT THE ACCEPTANCE FORMS / SHARES THAT ARE RECEIVED BY THE REGISTRAR AFTER THE CLOSE OF THE OFFER i.e. BY 3.00 P.M. ON JANUARY 15, 2008 SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.

INSTRUCTIONS

1. All queries pertaining to this Offer may be directed to the Registrar to the Offer
2. In the case of dematerialised shares, the shareholders are advised to ensure that their shares are credited in favour of the Special Depository Account, before the closure of the Offer i.e. by 3:00 P.M. on January 15, 2008. The Form of Acceptance-cum-Acknowledgement of such demat shares not credited in favour of the Special Depository Account, before the closure of the Offer will be rejected.
3. Shareholders should enclose the following:
   a. For Equity shares held in demat form, beneficial owners should enclose:
      i. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein by all the beneficial holders of the Shares, as per the records of the Depository Participant ('DP').
      ii. Photocopy of the delivery instructions in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP as per the instruction in the Letter of Offer.
   b. For Equity shares held in physical form, registered shareholders should enclose:
      i. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
      ii. Original Share Certificate(s)
      iii. Valid Share Transfer deed(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Zenotech Laboratories Limited and duly witnessed at the appropriate place. Attestation, where required, (thumb impressions, signature difference, etc.) should be done.

         The name of the buyer should be entered as "Ranbaxy Laboratories Limited". The other details of the Acquirer as buyer will be filled by the Acquirer upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.
   c. For Equity shares held in physical form but not registered currently in the owners' names, owners should enclose:
      i. Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.
      ii. Original Share Certificate(s)
      iii. Original broker contract note
      iv. Valid Share Transfer deed(s) as received from the market with the name of the buyer as 'Ranbaxy Laboratories Limited'.
4. The share certificate(s), share transfer deed(s) and the Form of Acceptance should be sent only to Karvy Computershare Private Limited, the Registrar to the Offer and not to Rabo India Securities Private Limited, the Manager to the Offer or the Acquirer or Target Company.
5. For shares held in dematerialised form, the delivery instructions slip should contain particulars as below :

Depository Name	National Securities Depository Limited
DP Name	Karvy Stock Broking Limited
DP ID Number	IN 300394
Account Name	KCPL Escrow Account – Zenotech Open Offer
Beneficiary Account Number	15988063
ISIN	INE 486F01012
Mode	Off-Market
Execution Date	On or before January 15, 2008

6. Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in favour of the special depository account with NSDL.
7. Non-resident shareholders should additionally enclose a copy of the permission received from RBI for the equity shares held by them in Zenotech Laboratories Limited. If the shares are held under General Permission of RBI, the non resident shareholder should state that the shares are held under General Permission and whether on repatriable basis or non repatriable basis.
8. FIIs are requested to enclose the SEBI Registration letter and RBI general permission letter. Non-resident shareholders should enclose No Objection Certificate/Tax Clearance Certificate from the Income Tax Authorities under Income Tax Act, 1961, indicating the tax to be deducted by the Acquirer before remittance of consideration otherwise tax will be deducted at the maximum marginal rate as may be applicable to the category of the shareholder on the consideration payable by the Acquirer.
9. In case of bodies corporate, certified copies of appropriate authorization (including Board/ shareholder resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should be affixed.
10. The Form of Acceptance-cum-Acknowledgement along with enclosure(s) should be sent only to the Registrar to the Offer so as to reach the Registrar to the Offer at any of the collection centres below on all days (excluding Sundays and Public holidays) during the business hours i.e. (Mondays to Fridays between 10.00 a.m. and 3.00 p.m. and on Saturdays between 10.00 a.m. and 1.00 p.m.).

S. No.	Collection Centre	Address of Collection Centre	Contact Person	Phone No.	Fax No.	Mode of Delivery
1.	Mumbai	16-22 Bake House, Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort Mumbai-400023	Ms. Nutan Shirke	022-66382666	022-66331135	Hand Delivery
2.	New Delhi	105-108, Arunachal Building, 19 Barakhamba Road, Connaught Place, New Delhi-110001	Mr. Michael George	011-23324401	011-23324621	Hand Delivery
3.	Kolkata	49, Jatin Das Road, Near Deshpriya Park, Kolkata-700029	Mr. Sujit Kundu/ Debnath	033-24644891	033-24644866	Hand Delivery
4.	Chennai	No.33/1, Venkatraman Street, T. Nagar, Chennai-600017	Mr. Gunasekaran	044-28151793 / 1794 / 4781	044-28153181	Hand Delivery
5.	Hyderabad	Plot No. 17 to 24 Vithalrao Nagar, Madhapur, Hyderabad - 500081	Ms. Rinki Sareen	040-23420818	040-23420814	Hand Delivery / Registered Post
6.	Bangalore	No. 59, Skanda, Putana Road, Basavanagudi, Bangalore-560004	Mr. Nanda Kishore / Sudha	080-26621192	080-26621169	Hand Delivery
7.	Ahmedabad	201-202 Shail Building, Opp. Madhusudhan House, Near Girish Cool Drinks, Off CG Road Ahmedabad-380006	Mr. Jayesh	079-26420422 / 26400528	079-26565551	Hand Delivery

Business Hours: Monday to Friday: 10:00 a.m. to 3:00 p.m.; Saturday: 10:00 a.m. to 1:00 p.m.
Holidays: Sundays & Bank Holidays

Applicants who cannot hand deliver their documents at the Collection Centres, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer at Karvy Computershare Private Limited, Plot No. 17 to 24, Vithalrao Nagar, Hi-Tech City Road, Madhapur, Hyderabad 500 081, India so as to reach the Registrar to the Offer on or before the last date of acceptance i.e. January 15, 2008.

SHAREHOLDERS SHOULD NOTE THAT THE ACCEPTANCE FORMS / SHARES THAT ARE RECEIVED BY THE REGISTRAR TO THE OFFER AFTER THE CLOSE OF THE OFFER i.e. BY 3.00 P.M. ON JANUARY 15, 2008 SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.

Acknowledgement Slip for Form of Acceptance S. No. ________

ZENOTECH LABORATORIES LIMITED OPEN OFFER
(To be filled in by the shareholder)
(Subject to verification)

Received from
Mr./Ms./M/s.____

Address ____

Physical shares: Folio No. ______________; Demat shares: DP ID __________________; Client ID ______________________

Form of Acceptance cum Acknowledgement along with:

☐ Physical shares: No. of shares ______________________; No. of certificates enclosed _____________________________

☐ Demat shares: Copy of delivery instruction for _______________________ number of shares enclosed

(Tick whichever is applicable)

Signature of Official _____________________

Date of Receipt ________________________

All future correspondence, if any, should be addressed to the
Registrar to the Offer at the following address:
Karvy Computershare Private Limited,
Unit: Zenotech Laboratories Limited Open Offer
Plot No. 17 to 24, Vithalrao Nagar, Hi-Tech City Road, Madhapur, Hyderabad - 500081. India
Tel: +91 40 2342 0818-28 Fax: +91 40 2342 0814
Contact Person: Murali Krishna
E-mail: murali@karvy.com

FORM OF WITHDRAWAL

ZENOTECH LABORATORIES LIMITED OPEN OFFER

(Please send this form with enclosures to Karvy Computershare Private Limited at any of the collection centres as mentioned in the Letter of Offer)

From

Name:

Address:

Tel No.:

Folio No./ DP ID No./ Client ID No. :

OFFER	
OPENS ON	December 24, 2007
LAST DATE OF WITHDRAWAL	January 10, 2008
CLOSES ON	January 15, 2008

To,
Ranbaxy Laboratories Limited,
C/o. Karvy Computershare Private Limited,
Plot No. 17 to 24, Vithalrao Nagar, Hi-Tech City Road,
Madhapur, Hyderabad - 500081, India.

Dear Sir/Madam,

Sub: Open Offer to acquire up to 68,93,000 fully paid-up equity shares of Rs. 10/- each, representing 20% of Expanded Voting Capital (as defined in the Letter of Offer) of Zenotech Laboratories Limited ('Target Company'), by Ranbaxy Laboratories Limited (the 'Acquirer') at a price of Rs. 160 (Rupees One Hundred and Sixty only) per fully paid-up equity share, ('Offer Price') payable in cash (the 'Offer').

I/We refer to the Letter of Offer dated October 19, 2007 for acquiring the equity shares held by me/us in the Target Company (the 'Shares'). I/We, the undersigned, have read the Letter of Offer, understood its contents, and unconditionally accepted the terms and conditions as mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our Shares from the Offer and I/we further authorise the Acquirer to return to me/us, the tendered equity share certificate(s)/ share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our Shares from the Offer, no claim or liability shall lie against the Acquirer/ Manager to the Offer/ Registrar to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer or mentioned overleaf as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. January 10, 2008.

I/We note that the Acquirer/ Manager to the Offer/ Registrar to the Offer shall not be liable for any postal delay/ loss in transit of the shares held in physical form and also for the non-receipt of shares held in the dematerialised form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirer will return the original share certificate(s) and share transfer deed(s) only on completion of verification of the documents, signatures and beneficiary position from the records available and maintained by the Registrars & Transfer Agent of Target Company.

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

S. No.	Folio No.	Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
Total					

(Please attach additional sheets of paper and authenticate the same if the space provided is insufficient.)

I/We hold the following Shares in dematerialised form and had executed an off-market transaction for crediting the Shares to the depository account with Karvy Stock Broking Limited at NSDL styled 'KCPL Escrow A/c – Zenotech Open Offer' as per the following particulars:-

DP Name: Karvy Stock Broking Ltd.	DP ID: IN 300394	Client ID: 15988063

Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my/our Shares have been tendered are as detailed below:-

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares
Total				

I/We note that the shares will be credited back only to that depository account, from which the shares have been tendered and necessary standing instructions have been issued in this regard.

In case of dematerialised shares, I/we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

I/We confirm that the particulars given above are true and correct.

Yours faithfully,

Signed and Delivered:

	Full name(s) of the holder	PAN Number(s)	Signature(s)
First/Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all shareholders must sign.

Place: ________________________________ Date: _________________

INSTRUCTIONS

1. Shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days prior to the close of the Offer, i.e. upto 3.00 P.M. on January 10, 2008.
2. The withdrawal option can be exercised by submitting the Form of Withdrawal, duly signed and completed, along with the copy of acknowledgement slip issued at the time of submission of the Form of Acceptance-cum-Acknowledgement.
3. The Form of Withdrawal along with enclosure(s) should be sent only to the Registrar to the Offer so as to reach the Registrar to the Offer at any of the collection centres below on all days (excluding Sundays and Public holidays) during the business hours i.e. (Mondays to Fridays between 10.00 a.m. and 3.00 p.m. and on Saturdays between 10.00 a.m. and 1.00 p.m.).

Acknowledgement Slip for Form of Withdrawal S. No. ________

ZENOTECH LABORATORIES LIMITED OPEN OFFER
(To be filled in by the shareholder)
(Subject to verification)

Received from of Withdrawal from
Mr./Ms./M/s.____

Address ____

Physical shares: Folio No. _______________ / Demat shares: DP ID __________________; Client ID _______________________ for ______________________ shares.

Signature of Official ______________________

Date of Receipt _________________________

All future correspondence, if any, should be addressed to the Registrar to the Offer at the following address:
Karvy Computershare Private Limited, Unit: Zenotech Laboratories Limited Open Offer
Plot No. 17 to 24, Vithalrao Nagar, Hi-Tech City Road, Madhapur, Hyderabad - 500081. India
Tel: +91 40 2342 0818-28 Fax: +91 40 2342 0814
Contact Person: Murali Krishna; E-mail: murali@karvy.com