

RED HERRING PROSPECTUS

Please read Section 60B of the Companies Act, 1956

Dated: August 11, 2005**100% Book Building Issue****AMAR REMEDIES LIMITED**

(Originally incorporated as Swami Aushadhalaya Private Limited on April 18, 1984 at Mumbai under the Companies Act, 1956.

The name of our Company was changed to Amar Remedies Private Limited on September 5, 1995. It became a public limited company with effect from September 6, 1995 and the name of our Company was changed to Amar Remedies Limited)

Registered Office: 207, Roop Raj Building, 497, S.V.P. Road, Opera House, Mumbai 400004.

Tel: + 91 22 56340591 (3 Lines) Fax: + 91 22 23866625, Email: ipo@amarremedies.com Website: www.amarremedies.com

INITIAL PUBLIC OFFERING OF 1,50,00,000 EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. [●] FOR CASH AGGREGATING TO RS. [●] LAKHS (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE WOULD CONSTITUTE 57.33 % OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF OUR COMPANY.

PRICE BAND: Rs. 24 TO Rs. 28 PER EQUITY SHARE OF Rs.10 EACH**THE ISSUE PRICE IS 2.4 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 2.8 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

The Issue is being made through the 100% book building process wherein up to 50% of the Issue shall be allotted on a discretionary basis to Qualified Institutional Buyers. Further, not less than 15% of the Issue shall be available for allotment on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allotment on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price

RISK IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. **The face value of the shares is Rs 10/- and the Floor Price is 2.4 times of the face value and the Cap Price is 2.8 times of face value of the Equity Shares.** The Price Band (as determined by the Company, in consultation with the Book Running Lead Manager ("BRLM"), on the basis of assessment of market demand for the Equity Shares by way of book building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

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

COMPANY'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on The Stock Exchange, Mumbai and the National Stock Exchange of India Limited. We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated April 11, 2005 and June 8, 2005, respectively. The Stock Exchange, Mumbai is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGER**ALLIANZ SECURITIES LIMITED**

33, Vaswani Mansion, 6th Floor,
Dinsha Vachha Road, Churchgate, Mumbai 400020
Tel: +91 22 22870580, Fax: +91 22 22870581
Email: amar.ipo@aslfinancial.com
Website : www.aslfinancial.com
Contact Person : Mr. S.N.Tare

REGISTRARS TO THE ISSUE**INTIME SPECTRUM REGISTRY LIMITED**

C-13 Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai 400 078
Tel: +91 22 55555454, Fax: +91 22 55555353
Email: helpline@intimespectrum.com
Contact Person : Mr. Vishwas Attawar

ISSUE PROGRAMME

BID/ISSUE OPENS ON	AUGUST 25, 2005	BID/ISSUE CLOSSES ON	AUGUST 31, 2005
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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

CONVENTIONAL TERMS

Term	Description
“Amar” or “the Company” or “our Company” or “Amar Remedies Limited”	Amar Remedies Limited, a public limited company, incorporated under the Companies Act, 1956
“We”, “us” and “our”	Unless the context otherwise requires, refers to Amar Remedies Limited

ISSUE RELATED TERMS

Terms	Description
Allotment	Issue of Equity Shares pursuant to the Issue to the successful Bidders
Allottee	The successful Bidder to whom the Equity Shares will be allotted
Articles / Articles of Association	Articles of Association of our Company
Auditors	Statutory Auditors of our Company viz. Shyam C. Agrawal & Co., Chartered Accountants
Bankers to the Issue	ICICI Bank Limited, Standard Chartered Bank and UTI Bank Limited
Bid	An indication to make an offer made during the Bidding/Issue Period by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid / Issue Closing Date	The date after which the Members of the Syndicate will not accept any Bids for the Issue, which shall be notified in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, all with wide circulation
Bid-cum-Application Form/ Bid Form	The form in terms of which the Bidder shall make an offer to subscribe to Equity Shares of our Company in terms of this Red Herring Prospectus
Bid / Issue Opening Date	The date on which the Members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English National newspaper, a Hindi National newspaper and a Marathi newspaper, all with wide circulation
Bidder(s)	Any prospective investor(s) who makes a Bid pursuant to the terms of this Red Herring Prospectus
Bidding / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, both days inclusive, and during which prospective Bidders can submit their Bids
Board of Directors / Board	The Board of Directors of our Company
Book Building Process /Method	Book Building Method under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made
BRLM	Book Running Lead Manager to the Issue, in this case being Allianz Securities Limited
Companies Act / The Act	The Companies Act, 1956, as amended from time to time
CAN/ Confirmation of Allocation Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allotted Equity Shares in the Book Building Process
Cap Price	The higher end of the Price Band, above which Issue Price will not be finalised and above which no Bids will be accepted.
Cut-off Price	Cut-off refers to any price within the Price Band. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band
Depositories Act	Depositories Act, 1996, as amended from time to time
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act, 1996 as amended from time to time.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall issue Equity Shares of our Company

Designated Stock Exchange	The Stock Exchange, Mumbai
DIP Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI and as amended from time to time
Director(s)	Director(s) of our Company, unless otherwise specified
Equity Shares	Equity Shares of our Company of face value of Rs. 10/- each
Escrow Account	Account opened with the Escrow Collection Banks and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst our Company, the Registrar, the BRLM, Syndicate Members and Escrow Collection Banks for collection of the Bid Amounts and refunds (if any) of the amounts collected from the Bidders
Escrow Collection Banks	The banks at which the Escrow Account of the Company will be opened
Expansion Project/Plan	The proposed project of manufacturing ayurvedic medicines at the Surat factory of our Company. The details of the project (including the cost) are provided in the section titled 'Objects of the Issue' at page 21 of the Red Herring Prospectus
FEMA	The Foreign Exchange Management Act, 1999, as amended from time to time, and rules and regulations framed thereunder
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
FII	Foreign Institutional Investors (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form
Fresh Issue/Issue	Initial Public Issue of 1,50,00,000 Equity Shares of face value of Rs. 10/- each by our Company, at an Issue Price to be discovered by Book Building Method in terms of this Red Herring Prospectus
Indian National	A citizen of India as defined under the Citizenship Act, 1955, who is not an NRI as defined under the FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000
Intermediate Traders	Entities to whom we sell our products for being further disposed off at their absolute discretion in domestic or foreign markets
IPO Committee	A committee of the Board of Directors comprising of Mr. Sagar P Shah, Mr. Rajiv Chitnis and Mr. Hemal Shah appointed for the purpose of carrying out various activities in relation to the Issue
Issue Price	The final price at which the Equity Shares will be issued and allotted in terms of this Red Herring Prospectus. The Issue Price will be decided by our Company in consultation with the BRLM on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 0% to 100% of the Bid Amount
Members of the Syndicate	The BRLM and Syndicate Members
Memorandum / Memorandum of Association	The Memorandum of Association of our Company
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000/-
Non Residents	All Bidders who are NRIs or FIIs and are not persons resident in India
NRI / Non Resident Indian	A person resident outside India, as defined in FEMA and who is a citizen of India or a person of Indian origin, and as defined under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000
Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under FEMA (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2000. Overseas Corporate Bodies are not allowed to invest in this Issue.
Pay-In-Date	Bid Closing Date or the last date specified in the CAN sent to Bidders, as applicable

Pay-In-Period	Means (i) with respect to Bidders whose margin has not been waived by the Members of the Syndicate and are therefore required to pay the maximum Bid Amount into the Escrow Account, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose margin has been initially waived by the Members of the Syndicate and are therefore not required to pay the maximum Bid Amount into the Escrow Account on or prior to the Bid Closing Date, the period commencing on the Bid Opening Date and extending until the closure of the Pay-In- Date
Price Band	Being the price band of a minimum price of Rs. 24 per Equity Share (Floor Price) and the maximum price of Rs. 28 per Equity Share (Cap Price) (both inclusive) and includes revisions thereof.
Pricing Date	Date on which the Company, in consultation with the BRLM, finalizes the Issue Price
Project Cost	Cost of Rs. 2,170 Lakhs to be incurred for the Expansion Project, more particularly described in the section titled 'Objects of the Issue' at page 21 of this Red Herring Prospectus
Promoters	Mr. P. Shah, Mrs. Pratima P Shah and Mr. Sagar P Shah
Prospectus	The Prospectus, filed with the Registrar of Companies containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date
Qualified Institutional Buyers or QIBs	Public Financial Institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2,500 lakhs and pension funds with minimum corpus of Rs. 2,500 lakhs
QIB Portion	The portion of the Issue being up to 50% of the Issue, i.e., 75,00,000 Equity Shares of Rs. 10/- each available for allotment to QIBs on a discretionary basis
Red Herring Prospectus/ RHP	Means this Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a prospectus and will be filed with RoC at least three days before the opening of the Issue. It will become a prospectus after filing with RoC after the pricing.
Registered Office	207, Roop Raj Building, 497, S.V.P. Road, Opera House, Mumbai 400 004
Registrar/Registrar to this Issue	Registrar to the Issue, in this case being Intime Spectrum Registry Limited, having its registered office as indicated on the cover page of this Red Herring Prospectus
Retail Individual Bidders	Individual Bidders (including HUFs) who have not Bid for Equity Shares for an amount more than or equal to Rs.1, 00,000/- in any of the bidding options of the Issue
Retail Portion	The portion of the Issue being minimum 35% of the Issue, i.e., 52,50,000 Equity Shares of Rs. 10 each available for allotment to Retail Individual Bidder(s) on a competitive basis
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	Registrar of Companies, Maharashtra, Mumbai
SCRA	Securities Contracts (Regulation) Act, 1956, as amended from time to time
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time

SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Stock Exchanges	BSE and NSE
Syndicate Agreement	An agreement to be entered into between the Company and the Syndicate Members
Syndicate Members	Intermediaries registered with SEBI and eligible to act as Underwriters. Syndicate Members are appointed by the BRLM
Takeover Code	SEBI (Substantial Acquisition of the Shares and Takeover) Regulations, 1997
TRS/ Transaction Registration Slip	The slip or document issued by Members of the Syndicate to the Bidder as proof of registration of Bids
Underwriters	The BRLM and the Syndicate Members
Underwriting Agreement	The Agreement between the Underwriters and our Company to be entered into on the Pricing Date
UT, Daman & Diu	Union Territory of Daman, Diu & Dadra and Nagar Haveli

ABBREVIATIONS

Abbreviation	Full Form
Allianz	Allianz Securities Limited
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BRLM	Book Running Lead Manager
BSE	The Stock Exchange, Mumbai
CAGR	Compounded Annual Growth Rate
CAN	Confirmation of Allocation Note
CDSL	Central Depository Services (India) Limited
CMA Data	Credit Monitoring Analysis Data
EBITDA	Earnings before Interest, Tax, Depreciation and Amortization
ECB	External Commercial Borrowings
ECS	Electronic and Clearing System
EGM	Extraordinary General Meeting
EPS	Earnings per Share
Exim Policy	The Export-Import Policy of India
FCNR Account	Foreign Currency Non Resident Account
FDA	Food and Drugs Association, UT, Daman & Diu
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign Institutional Investors
FIPB	Foreign Investment Promotion Board
FMCG	Fast Moving Consumer Goods
F&D	Formulations & Development
FY / Fiscal/Financial Year	Period of twelve months ending June 30, for a particular year
GDP	Gross Domestic Product
GIR Number	General Index Registry Number
GoI	Government of India
GoM	Government of Maharashtra
HNI	High Net-worth Individuals
HP	Horse Power
HUF	Hindu Undivided Family
IMC	Integrated Marketing Communication plan
IPC	The Indian Penal Code, 1860
IPO	Initial Public Offering of our Company
I.T. Act	Income Tax Act, 1961, as amended from time to time
ICAI	Institute of Chartered Accountants of India
Indian GAAP	Generally Accepted Accounting Principles in India

ITCOT	Industrial and Technical Consultancy Organization of Tamil Nadu Limited
LAN	Local Area Networking
L.C. or L/C	Letter of Credit
MHRA	Medicines Health & Regulatory Products Authority
MIS	Management Information System
MNCs	Multinational Companies in the Pharmaceutical Industry
MoEF	Ministry of Environment and Forest, GoI
MoF	Ministry of Finance, GoI
NAV	Net Asset Value
NOC	No Objection Certificate
NPV	Net Present Value
NRE Account	Non-Resident External Account
NRI	Non Resident Indian
NRO	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSAID	Non Steroidical & Anti-inflammatory Drugs
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
QIB	Qualified Institutional Buyer
RBI	Reserve Bank of India
R&D	Research & Development
RoC	Registrar of Companies, Maharashtra, Mumbai
ROE	Return on Equity
RONW	Return on Net Worth
Rpm	Revolutions per minute
Rs.	Indian Rupees
SEBI	The Securities and Exchange Board of India
UK	United Kingdom
US/USA	United States of America
US \$	United States Dollars
UT	Union Territory

Glossary of Technical & Industrial Terms

Term	Description
AIDS	Acquired Immune Deficiency Syndrome
BIS	Bureau of Indian Standards
BP	British Pharmacopoeia
CCIM	The Central Council of Indian Medicine
CCRAS	The Central Council for Research in Ayurveda and Siddha
CCRIMH	The Central Council for Research in Indian Medicine and Homeopathy
CHEMEXIL	Basic Chemicals, Pharmaceuticals and Cosmetics Exports Promotion Council
ETP	Effluent Treatment Plant
F&D	Formulations and Development
GATT	General Agreement on Trade and Tariffs
GLP	Good Laboratory Practices Norms
GMP	Good Manufacturing Practices
GP	General Practitioners
GWP	Good Working Practices
HIV	Human Immuno Virus
IMCC	The Indian Medicine Central Council
IP	Indian Pharmacopoeia
IPRs	Intellectual Property Rights

ISM & H	The Indian System of Medicine and Homeopathy
Lab	Laboratory
OTC	Over the Counter
PRD	Process Research Development
R&D	Research & Development
RMS	Raw Material Stores
Sub Stockist	Selling under super stockist in smaller divided areas
Super Stockist	Directly under the company selling to sub stockist in a larger area
TFDF	Transport Facility & Disposable Facility
US-FDA	Food and Drug Administration, United States of America
USP	United States Pharmacopoeia
WHO	World Health Organization
WTO	World Trade Organization
TRIPS	Trade Related Intellectual Property Rights

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Red Herring Prospectus, the terms “We”, “us”, “our”, “our Company”, or “Amar” unless the context otherwise indicates or implies, refers to Amar Remedies Limited.

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our financial statements prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) included elsewhere in this Red Herring Prospectus. Our fiscal year commences on July 1 and ends on June 30 of the subsequent year. In this Red Herring Prospectus any discrepancies in any table between the table and the sum of the amount listed are due to rounding off.

All references to “India” contained in this Red Herring Prospectus are to the Republic of India.

In this Red Herring Prospectus, unless the context requires, all references to one gender also refers to the other gender. Similarly, reference to singular also includes reference to plural, unless the context otherwise requires.

For additional definitions used in this Red Herring Prospectus, see the section “Definitions and Abbreviations” on page i of this Red Herring Prospectus. In the section entitled “Main Provisions of Articles of Association of the Company” at page 114 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

Market data used throughout this Red Herring Prospectus was obtained from industry publications and internal Company reports. Information in the section titled ‘Industry Overview’ has been taken from ‘Report on Ayurveda & Siddha Medicines’, prepared by ITCOT Consultancy and Services Limited. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed to be reliable, have not been verified by any independent sources.

FORWARD-LOOKING STATEMENTS

We have included statements in this Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward-looking statements”.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

- General economic and business conditions in India;
- Our ability to successfully implement our growth strategy and expansion plans;
- Our ability to respond to technological changes;
- Changes in laws and regulations relating to the industry in which we operate;
- Changes in political and social conditions in India;
- The loss of our key employees and staff;
- Our ability to successfully launch the new products;
- Failure of our distribution network;
- Any adverse outcome in the legal proceedings in which our Company is involved; and
- The loss or shutdown of operations of our Company at any time due to strike or labour unrest.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors” beginning on page (x) of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the Members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

CURRENCY OF PRESENTATION

In this Red Herring Prospectus, all references to ‘Rupees’ and ‘Rs.’ are to the legal currency of India.

In this Red Herring Prospectus, except for the section titled ‘Industry Overview’, throughout all figures have been expressed in Lakhs. The word ‘Lakh’ or ‘Lac’ means ‘One Hundred Thousand’ and the word ‘Crore’ means ‘One Hundred Lakhs’. In the section titled ‘Industry Overview’ figures have been expressed in millions and billions. The term ‘million’ and ‘billion’ means ‘Ten Lakhs’ and ‘Thousand Millions’ respectively.

Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” and elsewhere in this Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of our financial statements prepared in accordance with Indian GAAP.

SECTION II - RISK FACTORS

Investment in equity shares involves a high degree of risk. You should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. Any of the following risks as well as the other risks and uncertainties discussed in this Red Herring Prospectus could have a material adverse effect on our business, financial condition and results of operations and could cause the trading price of the Equity Shares to decline, which may result in the loss of all or part of your investment.

INTERNAL RISK FACTORS

1. Two Criminal Complaints are pending against our Company & its Directors.

There are two criminal complaints pending against our Company and its Directors,

- Mr. Sunil Kumar Gupta filed a criminal complaint under section 138 of the Negotiable Instruments Act, 1881 and section 420, section 120B, section 406 read with section 34 of the IPC for an aggregate amount of Rs. 1,00,000 before the Judicial Magistrate First Class, Patna. Subsequently the Company approached the High Court of the Judicature of Patna for quashing the proceedings before the Judicial Magistrate First Class. The Honourable High Court has stayed the proceedings before the Judicial Magistrate First Class. The Court has passed an oral order for settlement of the case and we have paid an amount of Rs. 1,00,000/- in lieu of Court's Order. We are now awaiting the written order of the Court.
- Royal Brushes (P) Limited filed a criminal complaint against the Company for non-payment of dues to Royal Brushes (P) Limited with regard to delivery of goods by Royal Brushes (P) Limited to the Company. They have contended that the cheque for Rs. 2,55,009 was dishonored, as there was a 'stop payment' notice to the bank by the Company. The Company contends that all the payments as due to them have already been paid.

Further, we have also filed two cases against two different parties.

- We have approached the High Court of Judicature of Patna for quashing the proceedings of the criminal complaint in Sunil Kumar Gupta v/s Amar Remedies Limited and all its Directors. The Honourable High Court, Patna has stayed the proceedings before the Judicial Magistrate, 1st Class, Patna.
- The Company has filed a criminal complaint before the Metropolitan Magistrate, 18th Court, Girgaum, Mumbai against Mr. Ashok Patil, proprietor of Trimurti Sales under the provisions of section 138 of the Negotiable Instrument Act, 1881. The accused had issued a cheque in favour of the Company, which was returned to the Company with an endorsement of 'stop payment'. The case is now pending before the Metropolitan Magistrate, 18th Court, Girgaum, Mumbai.

For details of cases pending, involving us, refer to the section titled 'Outstanding Litigation' at page 77 of this Red Herring Prospectus.

2. We are promoted by first generation of entrepreneurs and the investors will be subjected to all consequential risk associated with such ventures. Further, our Promoters are not technically qualified.

Management Perception:

We are in this industry for the last 20 years and are supported by a team of professionals and experts. We have achieved continuous growth in our turnover and profitability, more so in the last three financial years. Over the years we have also brought in relevant professionals to handle the key operational areas of our Company.

3. The Expansion Project has not been appraised by any bank or financial institution. The deployment of funds in the Expansion Project is entirely at our discretion and is not subject to monitoring by any independent agency. All the figures included in the section titled 'Objects of the Issue' are based on our own estimates.

Management Perception:

Our management has, over the years, developed core competency in manufacturing and developing various ayurvedic products. We have a track record of completing all the expansions till date from our own resources. The cost estimates have been drawn by the management with assistance from a team of experienced professionals of the Company and the estimates for plant & machinery are based on quotations received by us. We already have in place the required land & building for the Surat factory. We do not foresee any major cost escalation requiring alternative means of financing for cost overruns.

4. **We plan to launch 24 products as against existing range of 4 products. Introducing new products in market entails risk of product failure and failure of any one product affects the saleability of other products. New product development and launch also involves substantial expenditure, which may not be recovered in the event of product not being accepted by the user community. In case all or some of these products fail to perform in the market our future profitability is likely to be adversely affected.**

Management Perception:

In India, currently the market for ayurvedic medicines is sufficiently big and is largely unorganized. Thus, there is huge potential, which can be exploited. With people world-wide increasingly moving towards an alternative methodology of treatment, market for ayurvedic medicines is expected to increase further. We have already developed the products that we propose to launch in the market with an appropriate marketing strategy in place. We have kept a budget of Rs.350 Lakhs for launching of these products.

5. **We have not applied for process patent rights for any of our proposed products. We have also not applied for registering our marks and tradenames for these products. Further, we rely on unpatented proprietary know-how and our unpatented proprietary know-how may otherwise become known or be independently developed by our competitors in full or in part, which may affect our business operations in future.**

Management Perception:

We intend to patent our processes for manufacture of our proposed 24 products. We will also be applying for registering our marks and tradenames for these products.

6. **A sizeable portion of the Project Cost includes requirement of working capital (to the extent of Rs. 600 Lakhs or about 27% of the Project Cost) and expenditure on Marketing / Branding / Sales promotion (to the extent of Rs. 350 Lakhs or about 17% of the Project Cost). There has been no assessment of this requirement of working capital by any bank / financial institution. For marketing / branding also, no independent professional agency has been appointed.**

Management Perception:

The existing requirements of working capital of our Company have been financed by UTI Bank Limited as on June 30, 2005 based on CMA Data prepared by us. The additional requirements of working capital and costs to be incurred on Marketing / Branding / Sales promotion of our Company have been assessed by our management in consultation with the respective departments of our Company, which are headed by professionals.

7. **The Promoter's shareholding post Issue shall go down up to 42.67% as against the existing holding of almost 100%. This may adversely impact the authority of the Promoters regarding the management & control of the affairs of the Company. Our Promoter may have to depend on other shareholders to determine the outcome of any shareholders resolution.**

Management Perception:

Post IPO, our Promoters will hold only 42.67% in the paid-up capital of our Company. However, as the public shareholding is expected to be largely scattered and not concentrated in the hands of any single individual/group, the Promoters shall continue to exercise management control on the operations and the business of the Company.

8. **Any delay or failure to come out with this Issue will adversely impact our Expansion Plan and consequently shall also adversely impact our estimated revenues and profitability. The entire Expansion Plan is proposed to be financed through the present Issue of Equity Shares and we have not made alternative arrangements for financing this Expansion Plan.**

Management Perception:

The funds being raised from this Issue shall be utilized to finance our Expansion Plan of setting up a plant for manufacturing of ayurvedic medicines at Surat. The required land & building for the Expansion Project is already in place. The gestation period for the Expansion Plan is expected to be low and commercial production is expected to start from February 2006. Also the existing business of our Company has been yielding consistent profits for last several years and the cash flow is expected to further improve in the current financial year.

9. **We have not applied for many approvals/licences/consents required from the concerned statutory authorities for the Expansion Project including the following:**

- **Consent of State Pollution Control Board;**
- **Central Excise Registration;**
- **License to operate the factory;**
- **Local and Central Sales Tax registration**
- **Consent to use water by the local authority etc.;**
- **Approval for the manufacture of ayurvedic medicines.**

Any delay or disallowance of such approvals/licences/consents etc. shall adversely affect our Expansion Project. For a detailed list of Government approvals taken, applied and required but not yet applied, refer to section titled ‘Government Approvals’ at page 75 of this Red Herring prospectus.

Management Perception:

The ayurvedic medicines that we propose to manufacture in the Expansion Plan have already been approved by the FDA. We shall apply to all the concerned statutory authorities for taking necessary approvals at an appropriate time.

10. **In the year 1999, we had issued 25,84,500 bonus shares out of revaluation reserves account of our Company and then cancelled the allotment of those bonus shares on September 30, 1999. After an inordinate delay of around four years and six months, we filed the petition for reduction in capital on April 13, 2004.**

Management Perception:

After an inordinate delay of 4 and half years, we filed the petition with the High Court on April 13, 2004 and received High Court’s order dated February 25, 2005 accepting the petition for capital reduction.

11. **We had filed a prospectus in SEBI on November 15, 2000 for a public issue of Rs. 450 lakhs. SEBI directed us vide letter no. PMIMD/SRP/23760/2001 dated February 22, 2001 to re-file the offer document after taking appropriate orders of the court for the reduction in capital.**

Management Perception:

We applied to the High Court, Mumbai, after an inordinate delay of over 4 years and have received the order for reduction of capital.

12. **IPO in the year 2000 was planned to finance an additional manufacturing facility at Daman, procuring additional plant and machinery and meeting research and development expenses. Due to cancellation of IPO, we could not undertake that project.**

Management Perception:

After cancellation of IPO, the expansion plan at Daman could not be implemented. However, subsequently due to tax incentives available to us in Daman, we decided to shift our entire operations of Surat plant to Daman with focus on our growing toothpaste business and an expansion of capacity to manufacture toothpaste was undertaken using our internal resources.

13. **There could be a delay in the schedule of implementation of the Expansion Project, which may have an adverse impact on our business and results of operation.**

Management Perception:

We have prepared a schedule of implementation of the project after having considered various aspects of the Expansion Project and we do not reasonably foresee any delay in the implementation thereof.

14. **We have not placed any orders for plant and machinery, furniture & fixtures and other equipments for the Expansion Plan, which is to be financed from the proceeds of the Issue. We have also not spent any amount on marketing branding and sales promotion, R&D and analytical laboratory.**

Management Perception:

We have identified vendors for the plant & machinery/equipment, furniture & fixtures to be purchased and received quotations from contractors for building renovation, and will place orders immediately after the issue. For the balance equipments, we do not reasonably foresee any problem in identifying the suppliers/vendors. We have met several agencies for assisting us in branding, advertising and sales promotion, which we will be finalizing after commencement of commercial production.

15. **Our Registered Office is not a freehold premise. We do not have any formal written deed / agreement for the use of these premises by our Company.**

Management Perception:

The premise in which our Registered Office is situated is taken on rental basis. We are in occupation of this property for last 15 years and have been regularly paying rent to the owner of the property and have received receipts for the same.

16. **We have not applied for additional requirement of power to the extent of 250 HP for the Expansion Project. Any delay in this sanction will adversely impact our Expansion Plan.**

Management Perception:

We have an existing sanctioned load of 20 HP for the Surat Plant. We further require 250 HP power load for which the necessary applications will be made to Surat Electricity Board after installation of electrical fittings in the premises.

17. **Consent for the existing unit at Daman from the Pollution Control Committee, UT of Daman & Diu under the applicable Pollution Control Laws had expired on December 31, 2003 and our application for the renewal of the same is pending consideration of the Pollution Control Committee. Non-renewal of consent may subject us to penalty for having continued the operations without a valid consent in existence.**

Management Perception:

We had made an application along with necessary fees to the Pollution Control Committee for renewal of the consent on December 29, 2003 and on December 24, 2004, which is well within the stipulated time period. We expect the Committee to accord its consent in regular course.

18. **Out of our total turnover of Rs. 10678.17 lakhs as on year ended June 30, 2005, domestic sales was of Rs. 5677.47 lakhs and sales to Intermediate Traders was Rs.4493.70 lakhs and direct exports was Rs.507.00 lakhs. We have 13 Super-Stockists for domestic sales, 14 Intermediate Traders and 8 foreign buyers and they are responsible for the total turnover. Any discontinuance of our existing business relationship with any of them may adversely affect our turnover / business. There are no commercial contracts or arrangements with any of them to sell our products exclusively.**

Management Perception:

Super-stockists are responsible for domestic sales and they in turn sell our products to more than 700 sub-stockists. Intermediate Traders have helped us in selling our toothpaste in the foreign countries. This is primarily because these traders have an existing established relationship in these foreign countries. They also act as a medium to reduce the risk of receivables. We have 14 Intermediate Traders and they account for approximately half of our total turnover. We have also started direct exports to selected buyers. Any discontinuance with any of the Super-Stockists or Intermediate Traders or foreign buyers shall not affect our existing business operations as lots of such Super-Stockists or Intermediate Traders or foreign buyers are in existence in these markets.

19. **We lack diversification and derive almost all our revenues from sale of only one product, toothpaste and hence we are subject to all risks associated with overdependence on a single product. Our future success depends, on maintaining a sustained growth in this product as well as our ability to successfully operationalize our factory at Surat for the production of ayurvedic medicines.**

Management Perception:

Presently we are manufacturing more than 25 variants of toothpastes for various markets. We will continue to manufacture and design more variants of toothpaste as required to the targeted markets. This is evident from the sustained growth in sale of toothpaste achieved by us over the years. Toothpaste sales contribute to around 85% of the turnover where as the rest 15% comes from sales of toothpowder, balm and pain relieving ointment.

Further, in order to sustain this growth achieved by us, we have planned the Expansion Project, which shall provide us with a larger product base. Besides, we have already developed 24 ayurvedic medicines, which will be produced with the implementation of the Expansion Project. Simultaneously we shall also focus on improving the performance of the existing products.

20. **Research and Development (R&D) activities are core to our business model. However, we have not incurred substantial amount on R&D during the last 3 years. Further, our success depends on making continuous efforts in improving our existing products and inventing variants and new products.**

Management Perception:

After having undertaken necessary R&D work, we had launched our toothpastes. We also undertake, on an on-going basis, research and trial work to further improvise our toothpastes. Besides, we had already developed 24 ayurvedic medicines that we propose to manufacture at our Surat factory. We propose to further undertake R&D activities and therefore we have earmarked Rs. 125 Lakhs for the said purpose out of the Project Cost.

21. **Our success depends upon our ability to effectively protect our existing and future products and future inventions against any potential breach of our intellectual property rights. If we fail to adequately protect our intellectual property, competitors may manufacture and market products similar to ours. We have not applied for obtaining patents for our products and therefore we shall not be able to prohibit any person from using our products and future invention to our economic disadvantage.**

Management Perception:

The ayurvedic medicines, which we have developed, are already registered with Drugs Controller, UT of Daman & Diu.

22. **Timely and easy availability of essential herbs, oils and other raw material required in manufacturing the proposed products is essential for the operations of the Company. The prices of the raw materials/ solvents consumed by us are also susceptible to volatility. Such volatility may adversely affect our profitability. Further, we do not have any commercial/formal contract with any of our raw material suppliers.**

Management Perception:

The essential herbs, oils and other raw materials are locally available in plenty and are an unorganized market. We have already done the pre-requisite study and identified the potential source of these raw materials. We therefore do not reasonably foresee any hindrances in the timely and easy availability of the raw materials (including herbs) required for the production of the proposed products.

23. **Our sustained growth depends on our ability to attract and retain skilled manpower. Failure to attract and retain skilled manpower could adversely affect our growth strategy. Also, we are heavily dependent on our senior management team. Loss of these persons may adversely affect our business. We do not maintain key man life insurance policy for any of the senior members of our management or other key managerial personnel except for our Managing Director.**

Management Perception:

The Company has been able to attract skilled manpower and retain them as well. This is mainly due to the conducive working environment, salary structures etc. which are in line with the industry norms. Hence we do not reasonably foresee any difficulty in continuing to attract and retain high caliber personnel. We have key man life insurance policy for our Managing Director Mr. Sagar Shah.

24. **We have made application for registration of 11 trademark comprising of 9 brands of toothpaste and 2 brands for ayurvedic medicines. Pending such registration we may not be able to prohibit any person from using the said trademark to their advantage and any unfavorable use of such trademark may adversely affect our goodwill and business.** For further details on pending trademarks refer to the pending trademarks at page 46 of this Red Herring Prospectus.

Management Perception:

We have used these trademarks for long and pending such registrations we have a right arising out of long usage.

25. **We are manufacturing 15 different brands of toothpaste. We have applied to the trademark authority for registration of 9 brands. Till date we have not made any application to the trade mark authority for registration of the remaining 6 brands. For these 6 brands, we may not be able to prohibit any person from using the said brand to their advantage and any unfavourable use of such brand may adversely affect our goodwill and business.**

Management Perception:

We have started manufacturing these brands since last one year and intend to apply for these 6 brands in due course of time.

EXTERNAL RISK FACTORS**Risk arising out of competition**

We are operating in a highly competitive business environment. The alternative medicines segment is largely unorganized. We shall face competition from the existing players as well as new entrants in the industry. Growing competition may force us to reduce the prices of our products and services, which may reduce our revenues and margins and/or decrease our market share, either of which could have a materially adverse effect on our business, financial condition and results of operations.

Risk arising out of changes in the Exim Policy

We operate in a regulated environment governing our exports. Any change in the policies of India relating to export of the products in which we deal or any ban on imports by the Government or the buyer countries may affect the profitability of the Company.

Changes in Government Policies and political scenario in India can affect our operations and performance

Since 1991, the Government of India has pursued policies of economic liberalization, including relaxing restrictions on the private sector. The Company cannot assure that these liberalization policies will continue in future. Protest against liberalization could slowdown the pace of economic development. The rate of economic liberalization could change, specific laws and policies could change, and foreign investment, currency exchange rates and other matters affecting investing in our securities could change as well.

Any adverse change in Government policies relating to the industry in which we operate may have an impact on the profitability of the industry. Such changes are not limited to but may be in respect of:

- Sales Tax
- Customs Duty
- Import/ Export restriction
- Excise Duty

Risk arising out of New Patent Regime

Following India's adoption of product patents for pharmaceuticals in compliance with TRIPS of WTO regime, certain advantages derived from launch of products before the expiry of product patents would no longer be available.

Risk arising out of withdrawal of tax exemptions

The Company currently benefits from the various tax exemptions, which are applicable to the Company because of the manufacturing facilities being situated in Daman. Non-availability of these tax exemptions will increase our future tax liabilities and reduce profits.

Risk arising out of change in therapeutic preferences

Pharmaceutical development is characterized by significant and rapid technological change and sometimes-significant shifts in therapeutic preferences. Research and discoveries by others, including developments of which we are not currently aware, may make our products obsolete. If changes in technology or therapeutic preferences make our products obsolete, doctors will be less likely to prescribe our products and sales of our products will be reduced. If sales of our products are reduced, our results of operations could be adversely affected.

Any failure to keep abreast with the latest trends in related technologies

Our cost competitiveness and ability to develop new generation products together with keeping ourselves abreast with the latest technologies is crucial to our future operations and business.

Risk arising out of Terrorist attacks and other acts of violence

Terrorist attacks and other acts of violence or war involving India or other countries, where we export our products could adversely affect the financial markets, result in loss of client confidence, and adversely affect the Company's business, results of operations and financial condition.

Risk arising of volatility of Capital Market

After this Issue, the price of our Equity Shares may be highly volatile. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including but not limited to:

- Volatility in the Indian and global securities market;
- Our results of operations and financial performance;
- Performance of our competitors, and the perception in the market about investments in the present sector;
- Performance of the Indian economy;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant developments in India's economic liberalization and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations.

Risk is relation to our first Public Issue

There has been no formal market for the Equity Shares of our Company and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price of this Issue is being made will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

Any sale of shares by our Promoters could cause the price of our shares to decline in the market

Any sale of Equity Shares by our Promoters or the perception that such sale could occur, may adversely affect prevailing market prices for our Equity Shares in the market.

Natural disasters could disrupt our operations and result in loss of revenues

Our plants are vulnerable to man-made and natural disasters such as, explosions, earthquakes, storms and floods as well as to terrorist attacks or other enemy actions. The occurrence of a man-made or natural disaster, terrorist attack, enemy action or other accidents could disrupt the operations of plants and result in loss of revenues and increased costs. There can be no assurance that the insurance coverage we maintain for these risks will be adequate to compensate us for all damages and economic losses, which we may suffer as a result of any such events.

NOTES TO RISK FACTORS:

1. Initial Public Issue of 1,50,00,000 Equity Shares of face value of Rs. 10/- each at a price of Rs. [●] per Equity Share for cash aggregating to Rs. [●] Lakhs.
2. Investors are advised to refer to the Chapter titled “Basis for Issue Price” on page 106 of this Red Herring Prospectus.
3. Investors may note that in case of over-subscription in the Issue, allocation shall be on proportionate basis to Retail Bidders and Non-institutional Bidders. Please refer to Chapter titled “Statutory and Other Information” on page 108 of this Red Herring Prospectus.
4. The investors may contact the BRLM or Members of the Syndicate for any clarifications or information, pertaining to the Issue.
5. Net worth of our Company as on June 30, 2005 is Rs. 2503.15 Lakhs and the Issue size is Rs. [*] lakhs.
6. Book value of the Equity Shares of our Company as on June 30, 2005 is Rs. 22.42 per Equity Share.
7. The Company / its Promoters / Directors does not have any other business venture / associate company / subsidiary company which have any business interest with Amar Remedies Limited, therefore, there are no “Related Party Transactions”. A Certificate to this affect has been received from the Statutory Auditors of the Company and a negative disclosure to this affect has been made on page 60 of this Red Herring Prospectus.
8. The Promoters and Directors are interested to the extent of remuneration to be drawn by them and to the extent of Equity Shares held by them. The details are disclosed under the para “Interest of Promoters and Directors” appearing on page 112 of this Red Herring Prospectus
9. The average cost of acquisition of our Equity Shares by our Promoters, Mr. P. Shah is Rs. 10/-, Ms. Pratima P Shah and Mr. Sagar P Shah is Rs. 10.64/- each (excluding the Equity Shares issued to our Promoters for consideration other than cash).

SECTION III - INTRODUCTION

SUMMARY

You should read the following summary with the section titled 'Risk Factors' beginning on page (x) of this Red Herring Prospectus and the more detailed information about us and our financial statements included in this Red Herring Prospectus.

We were incorporated as Swami Aushadhalaya Private Limited on April 18, 1984 at Mumbai and subsequently our name was changed to Amar Remedies Private Limited on September 5, 1995 by passing a special resolution on May 22, 1995. We were converted into a public limited company and the name was changed to "Amar Remedies Limited" on September 6, 1995.

Business Overview

- ***More than 20 years old in existence***

We were promoted by Mr. P Shah in 1984 to develop ayurvedic medicines. He has been studying and researching ayurvedic medicines since 1970 and he was successful in research on oral care products that helped us in launching our first oral care vegetarian product named "AMAR Toothpowder" in the year 1989 and "AMAR Toothpaste" in the year 1991. He continued his research in ayurvedic medicines and as a result developed several products related to ayurvedic health care medicines. We started registering these products with FDA from the year 1997 till 2002. The details of these products are disclosed on page 32 of this Red Herring Prospectus.

- ***Track record in Profit making***

The company is profit making since the year 1995.

- ***Varied products***

The company has researched and developed 24 different products and these products have been registered with the FDA. The details of these products are disclosed on page 32 of this Red Herring Prospectus.

- ***Established marketing and Distribution network***

The company has 13 Super-Stockists for domestic sales who in turn have more than 700 Sub-Stockists spread in Western, Northern, and Eastern regions of India. Out of these 13 Super-Stockists, 4 Super-Stockists have been associated with us for more than 10 years and 5 have been associated with us for more than 4 years. The total revenues received from these Super-Stockists for the year July 1, 2004 to June 30, 2005 was Rs. 5677.47 lakhs.

The geographical spread of our Super-Stockists and their Sub-Stockists across India is as follows:

1. In the Western region, we have 7 Super-Stockists who control their 240 sub-stockists for selling up to the taluka level. This region contributes to almost 50% of the total domestic turnover of our Company.
2. In the Northern region, we have 2 Super-Stockists who control their 145 sub-stockists for selling up to the taluka level. This region contributes to almost 20% of the total domestic turnover of our Company.
3. In the Eastern region, we have 4 Super-Stockists who control their 205 Sub-Stockists for selling up to the taluka level. This region contributes to almost 30% of the total domestic turnover of our Company.

In addition, we have recently appointed 2 Super-Stockists who in turn appointed 130 sub-stockists in the Southern region, who have yet to contribute to our domestic turnover.

For sales through Intermediate Traders, we have 14 Intermediate Traders who helped us in selling our toothpaste in foreign countries and we have 8 foreign buyers. Together they account for approximately half of our total turnover.

- We are manufacturing various brands and variants of toothpaste and selling in the domestic market, intermediate traders for foreign markets and direct exports. We are manufacturing in total 29 different qualities of toothpaste under 15 different brand names. Out of these 15 brands, we are selling 12 to intermediate traders for foreign markets as well as for direct exports and 3 brands are sold in the domestic market. The 12 brands, which are sold to intermediate traders and for direct exports, have 20 different quality variants of toothpaste and contribute almost 46.83 % to the total turnover as on June 30, 2005. Whereas the 3 brands sold in the domestic market have 9 different quality variants of toothpaste, which contribute almost 53.17 % to the total turnover as on June 30, 2005. We have applied for trade mark registration for 9 toothpaste brands.

- ***Requisite infrastructure***

Our Surat Plant has requisite facilities for transportation as it has close connectivity to the rail and road. The Surat Plant is at a distance of 4 kms from Surat Railway Station.

Our Surat plant also has water connectivity from Surat Municipal Department for 5,000 to 7,000 litres per day, which is adequate for the manufacturing unit. It has an existing sanctioned load of 20 HP and further require 250 HP power load for which the necessary applications will be made to Surat Electricity Board after installation of plant & machinery and electrical fittings in the premises.

- ***Low gestation period***

We have our own existing land in Surat wherein a factory building admeasuring 24,717.66 sq. ft. is in existence and only a few structural changes are to be implemented which can be completed within a period of 6 months along with the installation of plant and machinery. Hence, the gestation period is low.

- ***Product Support system***

We propose to set up toll free phone lines to give personalized attention to consumers for which we plan to open branch offices in major cities in India. These offices will monitor sales much closely where consumers having queries of company's products or diseases related to them can call in and speak to the company's experts who could guide and help them for selecting the company's products.

OUR STRATEGY

Given our competitive strengths, our business strategy entails an emphasis on exports and international business along with strengthening of our domestic marketing.

Our strategy is to build and ensure:

- Our marketing strengths in the domestic market.
- To become a pioneer in setting up the concept of consultation over toll free phone lines for ayurvedic medicines.
- To create a brand image, that will add a premium to our products, which will enable us to successfully face, any future competition from domestic ayurvedic medicine manufacturers.
- Create a detailed distribution network for the domestic market to cater to consumers all over the country.
- Innovate by research and development more health care products to increase the product range of the company and at the same time keep trying for making the existing products more effective.
- To approach credible institutions like WHO to create a worldwide recognition for our products.

SUMMARY OF FINANCIAL DATA

The following table sets forth selected financial information of our Company derived from its audited financial statements for the year ended June 30, 2005 and as of financial year ended June 30, 2004, June 30, 2003 and June 30, 2002, all prepared in accordance with Indian GAAP, the Companies Act and SEBI Guidelines and as described in the auditor's report of M/s. Shyam C. Agarwal & Co., Chartered Accountants, included in the section titled 'Financial Information' on page 61 of this Red Herring Prospectus and should be read in conjunction with those financial statements and the notes thereto. For further discussion of our financial statements please see 'Management Discussion and Analysis of Financial Condition and Results of operation' on page 68 of this Red Herring Prospectus.

SUMMARY OF PROFIT AND LOSS ACCOUNT, AS RESTATED

(Rs .in Lakhs)

Particulars	June 30, 2005 (12 months)	June 30, 2004 (12 months)	June 30, 2003 (12 months)	June 30, 2002 (12 months)
Income				
Sales	10678.17*	8220.52	7359.84	2717.26
Total	10678.17	8220.52	7359.84	2717.26
Other Income	4.27	4.90	12.13	0.00
TOTAL	10682.44	8225.42	7371.97	2717.26
Expenditure				
Raw Material consumed	8988.20	7032.33	6397.42	2309.97
Staff Costs	94.94	91.51	74.34	36.06
Other Manufacturing Expenses	273.31	240.87	202.63	42.23
Administration Expenses	152.12	130.23	93.52	24.46
Selling and Distribution Expenses	174.76	182.88	151.18	57.07
Interest	200.98	101.60	82.68	39.89
TOTAL	9884.31	7779.42	7001.77	2509.68
Net Profit before Depreciation, Tax and Extraordinary items	798.13	446.00	370.20	207.58
Depreciation	64.51	63.80	62.88	54.10
Net Profit before Tax & Extraordinary items	733.62	382.20	307.32	153.48
Taxation	55.00	30.00	23.00	1.50
Deferred Tax Liability	2.87	2.99	1.38	0.00
Net Profit before Extraordinary items	675.75	349.21	282.94	151.98
Extra Ordinary items (net of tax)	11.89	13.21	14.68	16.31
Net Profit after Extraordinary items	687.64	362.42	297.62	168.29

* Out of this, direct exports were Rs. 507 lakhs

SUMMARY OF ASSETS AND LIABILITIES, AS RESTATED

(Rs.in Lakhs)

Particulars	30 th June , 2005 (12 months)	30 th June 2004 (12 months)	30 th June 2003 (12 months)	30 th June 2002 (12 months)
A. Fixed Assets:				
Gross Block	982.89	910.60	870.58	792.49
Less Depreciation	378.65	314.13	250.32	187.44
Net Block	604.24	596.47	620.26	605.05
Less: Revaluation Reserve	165.41	177.30	190.51	205.19
Net Block after adjustment for Revaluation Reserve	438.83	419.17	429.75	399.86
B. Current Assets, Loans and Advances				
Inventories	1877.02	1103.63	807.05	611.83
Sundry Debtors	1824.34	1927.16	1015.75	739.20
Cash and Bank Balances	4.45	3.22	1.51	5.50
Loans & Advances	30.33	67.18	100.44	46.78
F.D.R. with U.T.I.	5.00	0.00	0.00	0.00
	3741.14	3101.19	1924.75	1403.31
C. Liabilities and Provisions:				
Secured Loans	1509.74	1297.88	798.91	546.85
Unsecured Loans	0.00	0.00	0.00	0.00
Current Liabilities & Provisions	157.10	403.19	255.04	385.54
Deferred Tax Liability	9.98	7.11	4.12	0.00
	1676.82	1708.18	1058.07	932.39
D Net Worth	2503.15	1812.18	1296.43	870.78
E Represented By				
1. Share Capital	1116.42	1116.42	1016.42	476.65
2. Share Application Money	--	--	--	81.11
Add: Reserves and Surplus	1520.98	845.23	496.02	549.48
Less: Revaluation Reserve	165.41	177.30	190.51	205.19
Reserves (Net of Revaluation Reserves)	1355.57	667.93	305.51	344.29
Add: Share Premium	50.00	50.00	--	--
TOTAL	2521.99	1834.35	1321.93	902.05
Less: Miscellaneous Expenditure	18.84	22.17	25.50	31.27
Net Worth	2503.15	1812.18	1296.43	870.78

THE ISSUE

Particulars	No. of Equity Shares
Equity Shares Offered	1,50,00,000 Equity Shares
<i>Of which:</i>	
Qualified Institutional Buyers Portion	Up to 75,00,000 Equity Shares i.e. up to 50% of the Issue (Allotment on a discretionary basis)
Non-Institutional Portion	At least 22,50,000 Equity Shares i.e. at least 15% of the Issue (Allotment on a proportionate basis)
Retail Individual Investors Portion	At least 52,50,000 Equity Shares i.e. at least 35% of the Issue (Allotment on a proportionate basis)
Equity Shares outstanding prior to the Issue	111,64,150 Equity Shares
Equity Shares outstanding after the Issue	261,64,150 Equity Shares
Objects of the Issue	Please see the section titled “Objects of the Issue” on page 21 of this Red Herring Prospectus.

Undersubscription, if any, in any of the categories, would be allowed to be met with spill over from any of the other categories, at our discretion, in consultation with the BRLM.

AMAR REMEDIES LIMITED

(Incorporated as Swami Aushadhalaya Private Limited on April 18, 1984 at Mumbai and subsequently the name was changed to Amar Remedies Private Limited on September 5, 1995 by passing a special resolution on May 22, 1995. The Company was converted into a public limited company and the name was changed to Amar Remedies Limited on September 6, 1995)

Registered Office: 207, Roop Raj Building, 497, S.V.P. Road, Opera House, Mumbai – 400 004.

Tel: + 91 22 56340591 (3 Lines) Fax: + 91 22 23866625, Email: ipo@amarremedies.com

Website: www.amarremedies.com

GENERAL INFORMATION

Authority for the Issue

The Issue has been authorized by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, at the EGM of our Company held on November 3, 2004 and the resolution of the Board of Directors dated October 12, 2004.

Prohibition by SEBI

We, our Directors, our Promoters, their relatives, other companies/entities promoted by our Promoters, and companies/entities with which our Directors are associated as Directors, are not detained as willful defaulters by RBI / Government authorities and also they have not been prohibited from accessing the capital markets under any order or direction passed by SEBI or RBI / Government authorities. None of our Directors or the persons in control of our Promoter companies have been prohibited from accessing the capital markets or restrained from buying/selling/dealing in securities under any order or direction passed by SEBI.

Eligibility for the Issue

In terms of Clause 2.3.1 of the SEBI Guidelines, an unlisted company shall be eligible to make a public issue of equity shares or any other security, which may be converted into or exchanged with equity shares at a later date only if it meets all the following conditions:

(a) The Company has net tangible assets of at least Rs. 3 crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets:

Provided that if more than 50% of the net tangible assets are held in monetary assets, the Company has made firm commitments to deploy such excess monetary assets in its business/project;

The Company satisfies the above condition as shown in the table given below:

Period	Net tangible Assets (Rs. in Lakhs)
FY 2005	4,013
FY 2004	3,110
FY 2003	2,095

Note: (1) Net tangible assets is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).

(2) Monetary assets include cash on hand and bank and quoted investments

(b) The Company has a track record of distributable profits in terms of Section 205 of the Companies Act, for at least three (3) out of immediately preceding five (5) years;

Provided further that extra ordinary items shall not be considered for calculating distributable profits in terms of Section 205 of Companies Act.

The Company satisfies the above condition as shown in the table given below:

Period	Profit After Tax (Rs. in Lakhs)
FY 2005	688
FY 2004	362
FY 2003	298

Note: The above distributable profits as per Section 205 of the Companies Act have been calculated from the audited financial statements of the respective year after making adjustments for restatement of financial statements.

(c) The Company has a net worth of at least Rs. 1 crore in each of the preceding 3 full years (of 12 months each);

The Company satisfies the above condition as shown in the table given below:

Period	Net Worth (Rs. in Lakhs)
FY 2005	2503
FY 2004	1,812
FY 2003	1,296

(d) In case the Company has changed its name within the last one year, at least 50% of the revenue for the preceding 1 full year is earned by the Company from the activity suggested by the new name;

This clause is not applicable, since there has been no change of name since nine years.

(e) The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through draft prospectus firm allotment + promoters' contribution through the draft prospectus), does not exceed five (5) times its pre-issue net worth as per the audited balance sheet of the last financial year.)

The pre issue net worth as on June 30, 2005	Rs. 2,503 Lakhs
Issue size	Rs. [●] Lakhs
Issues during the same financial year	NIL
The Issue size is not expected to be greater than 5 times the pre issue net worth	

We undertake that the number of Allottees in the Issue shall be at least 1,000 failing which we shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, we shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THIS RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS VIZ., ALLIANZ SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS VIZ., ALLIANZ SECURITIES LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 21, 2004 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- (A) THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH**
- (C) THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;**
- (3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID; AND**
- (4) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.”**
- (5) WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS’ CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED /SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS.”**

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MUMBAI, MAHARASHTRA, IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.

Caution

We, our Directors and the BRLM accepts no responsibility for statements made otherwise than in the Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the above mentioned entities and anyone placing reliance on any other source of information, including our web site, www.amarremedies.com would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the memorandum of understanding entered into between the BRLM and us and the Underwriting Agreement to be entered into between the Underwriters and us.

All information shall be made available by us; the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres etc.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India, including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI approval), trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other trust law and who are authorized under their constitution to hold and invest in shares, permitted insurance companies and pension funds and to non residents including NRI and FIIs as defined under the Indian laws. This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in the state of Maharashtra, India.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations and the Prospectus has been filed with the RoC as per the provisions of the Companies Act. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE, MUMBAI (The Designated Stock Exchange)

The Stock Exchange, Mumbai ("the Exchange") (the Designated Stock Exchange) has given vide its letter dated April 11, 2005 permission to AMAR REMEDIES LIMITED to use the Exchange's name in this Offer Document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinised this Offer Document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- (a) warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus, or
- (b) warrant that the Company's securities will be listed or will continue to be listed on the respective Exchanges, or
- (c) take any responsibility for the financial or other soundness of this Company or its promoters, its management or any scheme or project of the Company;

and it should not for any reason be deemed or construed that this Offer Document has been cleared or approved by Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent enquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)

As required, a copy of this Prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref.: NSE/LIST/13597-J dated June 8, 2005 permission to the Company to use the Exchange's name in this Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinised this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by NSE; nor does it warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent enquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any

loss which may suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

A copy of the Red Herring Prospectus along with the documents required to be filed under section 60 B of the Companies Act will be delivered for registration to the RoC and a copy of this Red Herring Prospectus required to be filed under section 60 of the Companies Act would be delivered for registration with the RoC. A copy of the Draft Red Herring Prospectus has been filed with the Corporation Finance Department of SEBI at Ground Floor, Mittal Court, “A” Wing, Nariman Point, Mumbai 400 021.

Listing

Applications have been made to the BSE and NSE for permission to deal in and for an official quotation of our Equity Shares. BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for non-institutional portion and retail portion.

If the permission to further list our Equity Shares are not granted by any of the Stock Exchanges, we shall forthwith repay, without interest, all monies received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after we become liable to repay it, i.e., from the date of refusal or within 70 days from the date of Bid/ Issue Closing Date, whichever is earlier, then we and every Director of ours jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

We shall ensure that all steps for the completion of the necessary formalities for further listing and commencement of trading at the stock exchanges are taken within seven working days of finalization and adoption of the basis of allotment for the Issue.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name”,**

shall be punishable with imprisonment for a term which may extend to five years.”

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue including devolvement of Syndicate Members, if any, within 60 days from the Bid/Issue Closing Date, we shall forthwith refund the entire subscription amount received. For delay beyond eight days from the Bid/Issue Closing Date, if any, in refund of such subscription, we shall pay interest as per Section 73 of the Companies Act.

Withdrawal of the Issue

We, in consultation with the BRLM reserve the right not to proceed with the Issue at anytime after the Bid/ Issue Opening Date without assigning any reason.

Letters of Allotment or Refund Orders

We shall give credit to the beneficiary account with Depository Participants within two working days of finalization of the basis of allotment of Equity Shares. We shall dispatch refund orders, if any, of value up to Rs. 1,500, by “Under Certificate of Posting”, and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder’s sole risk within 15 days of the Bid/Issue Closing Date. If mandated by the Bidder, we shall credit the refund amount to the Bidder’s bank account as specified by the Bidder.

Interest in case of Delay in Despatch of Letters of Allotment / Refund Orders

In accordance with the requirements of the Stock Exchanges and SEBI guidelines, we undertake that:

- Allotment of Equity Shares will be made only in dematerialized form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to Bidders within the 15 day time prescribed above.

We will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Issue Program

BID/ ISSUE OPENS ON	AUGUST 25, 2005
BID/ ISSUE CLOSES ON	AUGUST 31, 2005

Bids and any revision in Bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centres mentioned on the Bid-cum-Application Form except that on the Bid/Issue Closing Date, the Bids shall be accepted only between 10 a.m. and 1 p.m. (Indian Standard Time) and uploaded till such time as may be permitted by the Stock Exchanges on the Bid/Issue Closing Date.

In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Members of the Syndicate.

BOOK RUNNING LEAD MANAGER

Allianz Securities Limited

33, Vaswani Mansion, 6th Floor,
Dinsha Vachha Road, Churchgate,
Mumbai 400020
Tel: + 91 22 22870580 Fax: + 91 22 22870581
Email: amar.ipo@aslfincial.com
Contact Person : Ms. Alpa Joshi

SYNDICATE MEMBER (S)

Allianz Securities Limited

33, Vaswani Mansion, 6th Floor,
Dinsha Vachha Road, Churchgate,
Mumbai 400020
Tel: + 91 22 22870580 Fax: + 91 22 22870581
Email: amar.ipo@aslfincial.com
Contact Person : Mr. S. N. Tare

Karvy Stock Broking Limited

Karvy House
21 Avenue, Street No.4
Banjara Hills
Hyderabad 500034
Tel: +91 40 2331 2454 /2332 0752
Fax No: +91 40 2331 1968
Email: mailmanager@karvy.com
Contact Person : Mr. Sanil Nair

Inter-se Allocation of Responsibilities

Since there is only one BRLM in the Issue, Allianz Securities Limited, the BRLM is the coordinator of each of the activities relating to the Issue.

OUR REGISTERED OFFICE**Amar Remedies Limited**

207, Roop Raj Building,
497, S.V.P. Road,
Opera House, Mumbai 400004
Tel: + 91 22 56340591 (3 Lines)
Fax: + 91 22 23866625
Email: ipo@amarremedies.com

COMPANY SECRETARY**Neelam Damji Shah**

Company Secretary,
Amar Remedies Limited
207, Roop Raj Building,
497, S.V. P. Road,
Opera House, Mumbai 400004
Tel: + 91 22 56340591 (3 Lines)
Fax: + 91 22 23866625
Email: ipo@amarremedies.com

COMPLIANCE OFFICER**Hemal Shah**

Whole Time Director
Amar Remedies Limited
207, Roop Raj Building, 497, S.V.P. Road,
Opera House, Mumbai 400 004.
Tel: + 91 22 56340591 (3 Lines)
Fax: + 91 22 23866625
Email: ipo@amarremedies.com

REGISTRARS TO THE ISSUE**Intime Spectrum Registry Limited**

C-13 Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai 400078
Tel: + 91 22 55555454 Fax: + 91 22 55555353
Email: helpline@intimespectrum.com
Contact Person : Mr. Vishwas Attawar

Investors can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post- Issue related problems such as CANs, credit of allotted shares in the respective beneficiary accounts, refund orders etc.

LEGAL ADVISOR TO THE ISSUE

Crawford Bayley & Co.

Solicitors & Advocates
4th Floor, State Bank Buildings,
N. G. N. Vaidya Marg, Fort,
Mumbai 400 023.

Tel: +91 22 22663713

Fax: +91 22 22660355/986

Email: sanjay.asher@crawfordbayley.com

LEGAL ADVISOR TO THE COMPANY

India Law Alliance

3rd Floor, East & West Building,
49/55 Mumbai Samachar Marg,
Fort, Mumbai 400023

Tel: +91 22 22663576

Fax: +91 22 22663708

Email: anupam.dighe@indialawalliance.com

Yusufs & Associates

13, Krishna Niwas,
281, Shaheed Bhagat Singh Road,
Fort, Mumbai 400001

Tel: +91 22 22614296

Fax: +91 22 5636 8786

Email: yusufiqbal@yusufslaw.com

AUDITORS TO THE COMPANY

Shyam C. Agrawal & Co.

Chartered Accountants
3/910-L, Navjivan Society,
Lamington Road, Mumbai 400 008

Tel: + 91 22 23073538

Fax: + 91 22 26835699

Email: shyam31774@yahoo.com

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKERS

ICICI Bank Limited

Capital Markets Division,
30, Mumbai Samachar Marg,
Fort, Mumbai 400001

Tel: + 91 22 22655285

Fax: + 91 22 22655206

Email: sidhartha.routray@icicibank.com

Standard Chartered Bank

90, Mahatma Gandhi Road
Fort

Mumbai 400 001

Tel: +91 22 2268 3132 / 2267 0162

Fax: +91 22 2262 4912

Email: ashish.khanna@in.standardchartered.com

UTI Bank Ltd.

Universal Insurance Bldg,
Sir P.M. Road,
Fort, Mumbai 400 001
Tel: +91 22 2284 6901
Fax: +91 22 2283 5785
Email: roshan.mathias@utibank.co.in

BANKERS TO THE COMPANY**UTI Bank Ltd.**

Universal Insurance Bldg,
Sir P.M. Road,
Fort, Mumbai 400 001
Tel: +91 22 2284 6901
Fax: +91 22 2283 5785
Email: roshan.mathias@utibank.co.in

Credit Rating

As this is an Issue of equity shares, credit rating is not required.

Trustees

This being an Issue of equity shares, the appointment of trustees is not required.

BOOK BUILDING PROCESS

Book Building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

- The Company; and
- The Book Running Lead Manager;

The SEBI Guidelines have permitted an issue of securities to the public through the 100% Book Building Process, wherein up to 50% of the Issue shall be allotted on a discretionary basis to QIBs. Further, not less than 15% of the Issue shall be available for allotment on a proportionate basis to Non- Institutional Bidders and not less than 35% of the Issue shall be available for allotment on a proportionate basis to Retail Bidders, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI Guidelines for the Issue. In this regard, we have appointed the BRLM to procure subscriptions to the Issue.

The process of book building, under SEBI Guidelines, is relatively new and you are advised to make your own judgment about investment through this process prior to making a Bid in the Issue. Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. For further details refer to the section titled 'Terms of the Issue' on page 85 of this Red Herring Prospectus.

Steps to be taken by the Bidders for bidding:

- Check whether he/she is eligible for bidding;
- Bidder necessarily needs to have a demat account; and
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid-cum-Application Form.

UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (Rupees In Lakhs)
Allianz Securities Limited 33, Vaswani Mansion, 6 th Floor, Dinsha Vachha Road, Churchgate, Mumbai 400020	1,49,99,900	[•]
Karvy Stock Broking Limited Karvy House 21 Avenue, Street No.4 Banjara Hills Hyderabad 500034	100	[•]

The above Underwriting Agreement is dated [•]

In our opinion (based on a certificate given by the Underwriters), the resources of all the above-mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange (s).

Allotment among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allotted to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allotment to QIBs is done in consultation with BRLM and would be discretionary, based on various factors, such as quality of the Bidder, size, price and date of the bid, and may not be proportionate in any way.

CAPITAL STRUCTURE OF THE COMPANY

(Rs. in Lakhs)

	(Share Capital as on the date of filing of this Red Herring Prospectus)		Face Value	Total Value
A	Authorised Capital			
	2,80,00,000	Equity Shares of Rs 10/- each	2,800.00	
B	Issued, Subscribed & Paid Up Capital			
	1,11,64,150	Equity Shares of Rs 10/- each	1,116.41	1,116.41
C	Present Issue to the Public in terms of this Red Herring Prospectus			
	1,50,00,000	Equity Shares of Rs. 10/- each	1,500.00	[•]
D	Equity Capital after the Issue			
	2,61,64,150	Equity Shares of Rs. 10/- each	2,616.41	[•]
E	Share Premium Amount			
	Before the Issue			50.00
	After the Issue			[•]

Details of Increase in Authorized Capital

Sr. No.	Particulars of Increase	Date of Meeting	AGM/EGM	Face Value Rs.
1	Rs. 5 lakhs	Incorporation	-	100.00
2	From Rs. 5 lakhs to Rs. 10 lakhs	08.08.1987	EGM	100.00
3	From Rs. 10 lakhs to Rs. 300 lakhs	20.02.1995	EGM	10.00
4	From Rs. 300 lakhs to Rs. 1,000 lakhs	28.04.2000	EGM	10.00
5	From Rs 1,000 lakhs to Rs. 1,200.05 lakhs	25.10.2000	EGM	10.00
6	From Rs. 1,200.05 lakhs to Rs. 2,800 lakhs	03.11.2004	EGM	10.00

Notes to Capital Structure:

1. Share Capital History of the Company:

Date of Allotment	No. of Shares	Face Value (Rs)	Issue Price (Rs)	Consideration	Allotted to	Reasons for allotment (bonus, swap, etc.)	Cumulative no. of shares	Cumulative Share Premium (Rs.)
Incorporation	3	100	100	Cash	Promoters	On Incorporation	3	-
June 30, 1984	600	100	100	Cash	Promoters	Preferential allotment	603	-
December 14, 1984	95	100	100	Cash	Promoters & relatives	Preferential allotment	698	-
June 26, 1987	4,245	100	100	Cash	Promoters & their HUFs	Preferential allotment	4,943	-
January 01, 1988	2,515	100	100	Cash	Promoters	Preferential allotment	7,458	-
October 20, 1988	1,000	100	100	Cash	Ms. Pratima P Shah	Preferential allotment	8,458	-
February 18, 1991	300	100	100	Cash	Promoters	Preferential allotment	8,758	-

November 30, 1994	93,039	100	100	Cash	Promoter and relatives & friends	Preferential allotment	1,01,797	-
Total no. of shares up to November 30, 1994	1,01,797	100	100					-
On December 01, 1994 converted into shares of face value. of Rs. 10/-	10,17,970	10	10				10,17,970	-
December 08, 1994	9,68,750	10	10	Cash	Promoter and relatives	Preferential allotment	19,86,720	-
March 31, 1995	3,75,700	10	10	Cash	Promoter and Friends & relatives	Preferential allotment	23,62,420	-
December 14, 1995	46,400	10	10	Cash	Friends & Relatives	Preferential allotment	24,08,820	-
August 16, 1999	6,100	10	10	Cash	Mr. Sagar P Shah	Preferential allotment	24,14,920	-
February 29, 2000	7,78,080	10	10	Cash	Promoters and Friends & Relatives	Preferential allotment	31,93,000	-
May 31, 2000	15,73,500	10	10	Cash	Mr. Sagar P Shah Ms. Pratima P Shah	Preferential allotment	47,66,500	-
May 02, 2003	33,36,550	10	Nil	Bonus	Bonus 10:7	Bonus	81,03,050	-
June 30, 2003	20,61,100	10	10	Cash	Mr. Sagar P Shah Ms. Pratima P Shah	Preferential allotment	1,01,64,150	-
January 31, 2004	10,00,000	10	15	Cash	Mr. Sagar P Shah Ms. Pratima P Shah	Preferential allotment	1,11,64,150	50,00,000
TOTAL	1,11,64,150						1,11,64,150	

2. PROMOTERS CONTRIBUTION AND LOCK IN

Name of the Promoter	Date on which Equity Shares were allotted and made fully paid-up	Nature of Payment of Consideration	No. of shares	Face Value	Issue Price / Transfer Price	% of Paid up Capital		Lock in period (in years)
						Pre-Issue	Post-Issue	
Mr. P. Shah	March 06, 2000	Cash	100	10	10	Negligible	Negligible	3
	May 02, 2003	Bonus	70	10	Nil	Negligible	Negligible	3
	TOTAL		170					
Ms. Pratima P Shah	December 14, 1984	Cash	100	10	10	0.001%	0.000%	1
	June 26, 1987	Cash	9,600	10	10	0.086%	0.037%	1
	October 20, 1988	Cash	10,000	10	10	0.090%	0.038%	1
	November 30, 1994	Cash	36,400	10	10	0.326%	0.139%	1
	December 08, 1994	Cash	52,500	10	10	0.470%	0.201%	1
	February 28, 2000	Cash	2,15,420	10	10	1.930%	0.823%	1
	May 31, 2000	Cash	6,29,400	10	10	5.638%	2.406%	1
	March 06, 2000	Transfer	9,39,438	10	10	8.415%	3.591%	1
	May 02, 2003	Bonus	4,65,788	10	Nil	4.172%	1.780%	1
	May 02, 2003	Bonus	8,59,212	10	Nil	7.697%	3.284%	3
	June 30, 2003	Cash	8,22,286	10	10	7.366%	3.143%	3
	January 31, 2004	Cash	3,97,482	10	15	3.560%	1.519%	3
	TOTAL		44,37,626			39.751%	16.961%	
Mr. Sagar P Shah	December 14, 1984	Cash	100	10	10	0.001%	0.000%	1
	November 30, 1994	Cash	1,57,800	10	10	1.413%	0.603%	1
	December 08, 1994	Cash	33,250	10	10	0.298%	0.127%	1
	August 16, 1999	Cash	6,100	10	10	0.055%	0.023%	1
	February 29, 2000	Cash	5,02,660	10	10	4.502%	1.921%	1
	March 06, 2000	Transfer	21,73,032	10	10	19.464%	8.305%	1
	March 24, 2003	Transfer	200	10	10	0.002%	0.001%	1
	May 02, 2003	Bonus	6,98,682	10	Nil	6.259%	2.670%	1
	May 02, 2003	Bonus	13,12,518	10	Nil	11.757%	5.017%	3
	June 30, 2003	Cash	12,38,814	10	10	11.097%	4.735%	3
	January 31, 2004	Cash	6,02,518	10	15	5.397%	2.303%	3
	TOTAL		67,25,674			60.243%	25.706%	
GRAND TOTAL			111,63,470			99.994%	42.667%	

The above Equity Shares would be locked in as shown in the table above, from the date of Allotment of Equity Shares in the Issue as the Company has already commenced commercial operation. The total shareholding of Promoters, which will be locked-in for a period of 3 years, would be 20.001% of the post-Issue capital (constituting 52,32,830 Equity Shares) whereas the balance shareholding of 22.666% (constituting 59,30,640 Equity Shares) would be locked in for a period of 1 year.

The Promoter may pledge its Equity Shares with banks or financial institutions as additional security for loans whenever availed by it from banks or financial institutions. Further, Equity Shares held by the Promoter may be transferred to and amongst the Promoter group or to a new promoter or person in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with SEBI Takeover Code, as applicable.

3. Present Shareholding pattern of the Promoters Group

The present shareholding of the Promoters are as under:

Particulars	No. of Equity Shares held	% of Equity Shares
Mr. P. Shah	170	Negligible
Ms. Pratima P Shah	44,37,626	39.75%
Mr. Sagar P Shah	67,25,674	60.24%
Total	111,63,470	99.99%

Our Promoter and Directors have not purchased or sold any Equity Shares during a period of six months preceding the date on which the Red Herring Prospectus is filed with SEBI.

4. The pre & post Issue shareholding pattern of the Company will be as follows:

Particulars	Pre Issue Holding As on June 30, 2005		Post Issue Holding	
	No. of Shares	% Holding	No. of Shares	% Holding
Promoters				
• Mr. P. Shah	170	Negligible	170	Negligible
• Ms. Pratima P Shah	44,37,626	39.75	44,37,626	16.96%
• Mr. Sagar P Shah	67,25,674	60.24	67,25,674	25.71%
Directors & Relatives				
• Mr. Anish D. Doshi	170	Negligible	170	Negligible
• Ms. Purvi A. Doshi	170	Negligible	170	Negligible
• Mr. Dilip S. Mehta	170	Negligible	170	Negligible
• Mr. Deepak S. Mehta	170	Negligible	170	Negligible
Indian Public	-	-	1,50,00,000	57.33%
TOTAL	1,11,64,150	100.00%	2,61,64,150	100.00%

The above post Issue shareholding pattern of the Promoters may undergo change in case of participation in the present Issue by the Promoters. Any such participation by our Promoter will be in excess of the minimum promoters' contribution and will be locked in for a period of one year from the date of Allotment of Equity Shares in terms of this Red Herring Prospectus.

5. Equity Shares held by the top ten Shareholders

The list of top 10 Shareholders of the Company and the number of Equity Shares held by them is as under:

A) Top ten Shareholders as on the date and 10 days prior to the filing of the Red Herring Prospectus is as follows:

Sr. No.	Name of the Shareholder	No. of Shares	% of holding
1	Mr. Sagar P Shah	67,25,674	60.24
2	Ms. Pratima P Shah	44,37,626	39.75
3	Mr. P Shah	170	Negligible
4	Mr. Anish Doshi	170	Negligible
5	Ms. Purvi A Doshi	170	Negligible
6	Mr. Dilip S Mehta	170	Negligible
7	Mr. Deepak S Mehta	170	Negligible
	Total	1,11,64,150	100.00

B) Top ten Shareholders two years prior to the date of filing this Prospectus with SEBI/RoC are as follows:

Sr. No.	Name of the Shareholder	No. of Shares	% of Issued Capital
1	Mr Sagar P Shah	28,72,942	60.28
2	Ms Pratima P Shah	18,92,858	39.71
3	Mr P Shah	100	Negligible
4	Mr Anish Doshi	100	Negligible
5	Ms Purvi A Doshi	100	Negligible
6	Mr Dilip S Mehta	100	Negligible
7	Mr. Deepak S Mehta	100	Negligible
8	Mr. Janakbhai B Doshi	100	Negligible
9	Mr. Shobha S Kothari	100	Negligible

6. The Company had issued 25,84,500 bonus shares out of revaluation reserves on August 16, 1999. However, we cancelled the allotment of the bonus shares on September 30, 1999. After an inordinate delay, we filed the petition with the High Court under section 100 to 104 of the Companies Act, 1956 on April 13, 2004 and received High Court's order dated February 25, 2005 accepting the petition for capital reduction.
7. We, our Directors and the BRLM have not entered into any buy-back and/or standby arrangements for purchase of our Equity Shares from any person.
8. There are no outstanding warrants, options of rights to convert debentures, loans or other instruments into our Equity Shares.
9. We have not raised any bridge loan against the proceeds of the Issue.
10. In case of over-subscription in all categories, not more than 50% of the Issue shall be allotted on a discretionary basis to Qualified Institutional Buyers, further, not less than 15% of the Issue shall be available for Allotment on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for Allotment on a proportionate basis to Retail Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any of the category, would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLM.
11. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors.
12. An oversubscription to the extent of 10% of the Issue Size can be retained for the purpose of rounding off to the nearest multiple of minimum allotment lot while finalizing the basis of Allotment.
13. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue, public issue or in any other manner during the period commencing from submission of the Red Herring Prospectus with SEBI until the Equity Shares offered through this Red Herring Prospectus have been listed or application monies refunded on account of non-listing/under-subscription.
14. There are no transactions during the past six months undertaken / financed directly or indirectly by the promoters, their relatives and associates and the directors of the company.
15. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of the Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly, for our Equity Shares) whether preferential or otherwise.
16. We have not issued any Equity Shares out of revaluation reserves except as disclosed in note 6 of the Capital Structure appearing on page 16 of this Red Herring Prospectus.
17. At any given point of time, there shall be only one denomination for the Equity Shares of our Company and we shall comply with such disclosure and accounting norms specified by SEBI from time to time.
18. The Company has seven members as of the date of filing of the Red Herring Prospectus with SEBI.

OBJECTS OF THE ISSUE

The objects of the issue is to raise capital for operationalizing and expanding Surat Plant as ayurvedic medicine manufacturing unit, marketing / branding / sales promotion for new products, research & development, meeting working capital requirements and issue expenses.

The net proceeds of this Issue after deducting underwriting and management fees, selling fees and all other Issue related expenses payable by us is estimated at Rs [*] Lakhs. The issue amount will be determined based on the issue price discovered through the Book-building process.

We had our manufacturing units for toothpaste and other ayurvedic products in Surat since our incorporation till the year 1999 and then decided to shift the operations by setting up another factory at Daman in the year 2001 due to tax benefits. We have an area of 24,717.66 square feet in Surat with two-storied building but it is not operational. We researched different products from 1991 to 2000 and saw major potential in them.

We have registered 24 ayurvedic medicines with FDA since 1997 onwards. Since we are in the FMCG business and have presence in both the domestic markets and international markets of Africa, South America and Middle East, we therefore feel that this is the right time to diversify and establish ourselves as a multi product company. Further, it will also help us gain wide recognition amongst the people for our umbrella brand 'Amar' that will give us value addition in our products. We have land and building structure ready at Surat, which reduces the gestation period and allows us to commence the Expansion Project immediately.

The Main Objects of the Issue are:

1. To operationalize and expand Surat Plant as an ayurvedic medicine manufacturing unit and thereby introducing new products in the market which involves renovation / restructuring of factory building and installation of plant & machinery, furniture & fixtures and electrical equipments;
2. Marketing / Branding / Sales Promotion of the new products;
3. Research & Development;
4. To meet the working capital requirements of our Company;
5. To meet the expenses of the Issue; and
6. To list the shares of the Company on the Stock Exchanges

The main object clause along with the other object clauses of our Memorandum of Association enable us to undertake the activities for which the funds are being raised in the present issue.

REQUIREMENT OF FUNDS AND MEANS OF FINANCE

The total estimated fund requirement is as follows:

Sr. No.	Particulars	Amount (Rs. in Lakhs)
1	Factory Building	75
2	Plant and Machinery	360
3	Marketing/Branding/Sales Promotion	350
4	Research, Development & Analytical Laboratory	200
5	Furniture and Fixtures	75
6	Electrification and Fixtures	50
7	Issue Expenses	350
8	Working Capital	600
9	Contingencies	110
	TOTAL	2,170

(Source: Estimate by Company's Management)

The year-wise break-up of utilization of issue proceeds of the above mentioned capital expenditure program is stated below:

Capital Expenditure	FY Ending June 30 th (Rs. in Lakhs)		
	2006	2007	Total
Plant and Machinery	360	--	360
Factory Premises	75	--	75
Analytical Laboratory	75	--	75
Furniture and Fixtures	75	--	75
Electronic Installation	50	--	50
Marketing/Branding/Sales Promotion	200	150	350
Research and Development	95	30	125
Issue Expenses	350	--	350
TOTAL	1,430	180	1,460

(Source: Estimate by Company's Management)

We have researched and developed 24 different products and have also registered these products with the FDA and have licenses to start manufacturing the same in Daman and Diu.

MEANS OF FINANCE

The total estimated cost of Rs. 2,170 lakhs would be financed entirely by way of the issue of 1,50,00,000 Equity Shares of Rs. 10/- each for cash at a price of Rs. [●]

In case funds raised in the Issue are higher than our total budgeted requirements, we intend to use those surplus funds for repayment of working capital loans and / or normal corporate purposes. As on June 30, 2005 we are availing Rs. 1,491 lakhs as working capital from UTI Bank Limited as against our sanctioned limit of Rs.1, 500 lakhs. In case the funds raised are higher than our total budgeted requirements for the proposed project, then the same will be utilized in repaying UTI Bank Limited to that extent. In the event that the Project Cost incurred by us is more than the estimated fund requirement as mentioned above, the balance fund requirement would be met from internal accruals by our Company.

DEPLOYMENT OF FUNDS IN THE PROJECT TILL DATE

As per Certificate by M/s. Shyam C. Agrawal & Co., Auditors of the Company dated July 15, 2005, the Company has deployed the funds as mentioned hereunder: -

Expenditure	(Rs. in Lakhs)
Public Issue Expenses incurred till date	30.33
Total	30.33
Means of Finance:	
Internal Accruals	30.33

Interim Use of Proceeds

Our management, in accordance with the policies established by the Board, will have the flexibility in deploying the proceeds received by us from the Issue. Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue, in high quality interest bearing liquid instruments including deposits with banks, for the necessary duration. Such investments would be in accordance with the investment policies approved by our Board of Directors from time to time.

MAJOR COST HEADS

1. Factory Building

The factory building is situated at 463-464, New GIDC, Katargam, Surat and is spread over 24,717.66 square feet, having all necessary infrastructure to manufacture toothpaste. Initially the factory building was constructed keeping in mind only FMCG products and hence entire infrastructure is suitable to manufacture FMCG products. The Daman plant was setup and our entire production was shifted there due to tax benefits available at Daman. These tax benefits helped us to stand in competition with other major toothpaste manufacturers and substantiates vast opportunities for growth of FMCG products from Daman plant.

The factory building at Surat requires lot of modifications in its infrastructure; being the compartments, height of the ceiling, flooring and internal designing of the building. In addition to this a compound wall, concreting the compound of the factory building structural water proofing, colouring, constructing of security cabins and welfare center for workers is to be constructed. This is the reason we are keen on restructuring the entire factory building and following is the detail of expenditure to be incurred on factory building at Surat:

We have finalized M/s. Real Touch Construction, as the contractor for completing the renovation / restructuring of the entire factory building based on their quotation dated June 15, 2005. They have indicated that the renovation / restructuring of the entire factory building shall be completed within a period of 60 days from the date of placement of orders.

Particulars	Quantity	Rate (Rupees)	Total Amount (Rs. in Lakhs)
Flooring (including Fixing)	25,000	80	20.00
Wall Tiling	8,000	85	6.80
Painting Works (indoors)	51,200	9	4.61
Painting Works (outdoors)	24,000	15	3.60
Melamine polished furniture	2,215 sq.ft.	450	9.97
Structural lofts & Stands	15,000	53	7.95
R.C.C. Structure	36,000	7.5	2.70
Generator Cabin	7,500	85	6.37
Toilets/ Bathroom & Changing room for Men & Women	16		5.00
Security Office	1		3.00
Compound & Grills	3		0.75
Pantry room with Canteen	1		3.25
Landscaping & Garden			1.00
TOTAL			75.00

(Source: Estimate by Company's Management)

2. Plant & Machinery

The details of plant and machinery to be purchased and installed at the Surat plant is as mentioned below. The total cost of plant and machinery is Rs. 360 lakhs.

A : MAJOR PLANT AND MACHINERY

Date of Quotation	Party Name	Product	Cost per Machine	No.	Cost (Rs. Lakhs)
04.06.2005	Saiman Engineers	Contra Rotary Mixer 3000 ltrs	2496000	2	49.92
13.06.2005	J.B. Sawant Engineers Private Limited	Vacuum machines (Water Ring)	217152	4	8.69
13.06.2005	J.B. Sawant Engineers Private Limited	Vacuum machines (Oil Ring)	247312	4	9.89
14.02.2005	Forbes Bradma Automation	Inkjet Printer	348300	2	6.97
14.06.2005	Cadmach Machinery Co. Private Limited	Tablet punching machine	2299398	3	68.98
14.06.2005	Chamunda Pharma Machinery Private Limited	Coating machine	236786	4	9.47
14.06.2005	Chamunda Pharma Machinery Private Limited	Rapid Mixture Granulators	567008	3	17.01
14.06.2005	Chamunda Pharma Machinery Private Limited	Heating Oven	112195	4	4.49
14.06.2005	Chamunda Pharma Machinery Private Limited	Dust Extractor	82035	4	3.28
14.06.2005	Machine Bazar	Compressor	171600	2	3.43
21.06.2005	J. B. S. Pack & Control	Conveyor belts	105000	13	13.65
25.06.2005	Avalon Engineering Private Limited	Lube pumps	573040	4	22.92
25.06.2005	Avalon Engineering Private Limited	Shrink wrap Tunnel	150800	4	6.03
13.06.2005	Sonics & Controls	Filling Sealing Machines for Ointments	1222000	4	48.88
07.06.2005	Otis Elevator Company Private Limited	Fright elevator	1290000	1	12.90
14.06.2005	Ravi Kiran Industries	Distilled water plant	364000	3	10.92
14.06.2005	Autopack machines	Collating and wrapping machine	919393	4	36.78
13.06.2005	Machine Bazar	Diesel Generator Set	187200	1	1.87
13.06.2005	Argo Transformers Company Private Limited	Transformer	671399	1	6.71
13.06.2005	Blue Chip Cooling Towers	Cooling Tower	481960	2	9.64
TOTAL (A)					352.43
B. MISCELLANEOUS ITEMS					
Water pumps 10HP					1.25
Piping (all ss carriers)					4.06
Water Tanks					1.05
Manual Pad Printing Unit					0.75
Motors 3 HP & 5 HP				3 & 5 nos	0.50
TOTAL (B)					7.61
GRAND TOTAL (A +B)					360.04

(Source: Estimate by Company's Management based on quotations of suppliers)

The above equipments are available in the market and are to be sourced from various suppliers.

3. Marketing / Branding / Sales Promotion

This is a major and crucial department for us. Our future depends on our marketing strategy and strength to sell products, on a regular and repetitive basis. To ensure this we will have to spend a lot of time and money strategizing its branding & marketing plans, which will help the company, achieve its targets from time to time.

The growth of our business depends on our strategy to market different products so that they could be sold on a regular and competitive basis, thus enabling us to set and achieve its targets from time to time.

The 24 products are divided into four categories of ayurvedic medicines that are to be launched at regular intervals during the year after the successful completion of the Issue. They are:

1	Health Care Medicines	-	11
2	Hair Care Medicines	-	2
3	Skin Care Medicines	-	9
4	Oral Care Medicines	-	2

Health Care Medicines will be launched in the domestic market immediately after commencement of commercial production i.e. from February 2006 onwards within a period of four months. The other three categories of ayurvedic medicines viz., Hair Care Medicines, Skin Care Medicines and Oral Care Medicines will be launched at regular intervals within a year (2006-07) after successful launch of health care medicines, based on the market trend, market research and competitor activities.

We are at present having marketing setup for FMCG products and not for the ayurvedic medicines. We therefore now intend to set up strong marketing network to market our ayurvedic medicines all over India. We are planning to launch our 24 FDA approved ayurvedic medicines not only in India but also in the international markets. Our management has designed various marketing strategies to be implemented stepwise and we call these strategies as '*Integrated Marketing Communication plan*'.

The overall goals for this Integrated Marketing Communication (IMC) plan are to:

- Gain market awareness for the new product developments in the local markets;
- Open new branch offices in different cities;
- Prepare viable advertisements, sales promotions, sponsorships, database programs and other marketing communication tools for consumer markets;
- Create a workable channel communication program with the firm's distributors.

We intend to spend Rs. 350 lakhs as under:

Activity	Expenses (Rs. in lakhs)
Advertising	
Television	60.00
Newspaper	25.00
Radio	15.00
Internet	4.00
Agency Fees and creative charges	40.00
Sponsorships / Consumer promotions / Direct marketing	56.00
Branch Offices	50.00
Total	250.00
Expansion of Distribution Network :	
Travelling & creating key outlets with Wholesalers / Retailers / Chemist Stores	50.00
Training Sales Team, Sales conferences, recruitment, advertisements	50.00
Total	350.00

(Source: Estimate by Company's management)

We will be following three broad strategies for the above:

a) Presence through Branch Offices

We intend to open branch offices in Mumbai, Delhi, Chennai, Kolkatta, Surat and Ahmedabad. This will help us in monitoring our sales targets in respective markets and will also help to be in direct touch with the market. These offices will have *toll free* phone lines to help consultation over the phone. These toll free numbers will help guide consumers to make the right choice of our products and create a personalized relation with the consumers directly. We will employ qualified personnel to deal with consumer queries & problems and will take down their personal details, which will help us to create a vast database. This database will be very helpful while launching new products and sustaining sales of earlier products. To motivate people for calling in to give their personal details, we will give out freebies as product hampers etc.

Here patients will come to the experts with their problems and then a form will have to be filled and attach a photograph describing each detail as per medical files. This will help to track before and after results. Then after seeing the patients these experts will give the consumers medicines made available in kits (Femina Kit, Cold Kit, Fever Kit, Beautifying Kit, Skin Kit, Stomach Kit etc), where these kits will be given to them as per their problems. Consultation will be provided free of cost.

It will be a 'One-Stop Shop' for consumers, in which there will be consultation as well as medicine selling. This will build a close relationship between the Company and its users as a personalized attention and care will be provided. The results of its users will prove to be the best source of advertising with word of mouth, reference talks, advertisements in newspapers & other media.

It will be important to maintain the positioning strategy of quality and the tagline "Ayurveda at its best". Advertising especially in print media will reinforce this message.

These offices will be taken on lease and the approximate expenditure for the same will be Rs. 50 lakhs which shall be for security deposit, renovation of premises and setting up infrastructure facilities. City-wise details of expenses to be incurred are as under:

Particulars	Amount (Rs. in Lakhs)
Mumbai	14.50
Delhi	9.50
Kolkatta	8.00
Ahmedabad	7.50
Chennai	5.50
Surat	5.00
TOTAL	50.00

(Source: Company's Estimate)

b) Awareness through Advertisement

The objective for the consumer segment of the market is to create awareness of Amar by encouraging traffic to both retail and the web site. This objective will be accomplished by integrating all advertising, consumer promotions, personal selling, sponsorship programs and direct marketing efforts. Heavy emphasis will be placed on advertising and public relations programs that create awareness and a brand preference for Amar. The Internet business will be developed as a full-service alternative for the retail customer. Direct marketing will be used during the first year to generate traffic to both retail stores and the web site. In future years, the direct marketing programs will move into loyalty type programs.

The budget for accomplishing this will be Rs. 200 lakhs, out of which 20% will be towards agency fees and advertising development costs. The creative staff of the advertising agency will develop all advertisements and supporting communications. Of the remaining Rs. 160 lakhs allocated for accomplishment of the above objective, 65% will be spent on advertising and public relations i.e. an amount of Rs. 104 lakhs, the break up of which is as follows:

Rs. 60 lakhs on television advertising, Rs. 15 lakhs on advertisement on radio, Rs.25 lakhs on newspaper advertisement and Rs. 4 lakhs on internet advertising.

Advertising and public relations will be the most effective for creating awareness and traffic. The remaining funds will be divided between consumer promotions, sponsorship programs, and direct marketing programs. These efforts will supplement the advertising and public relationship campaigns. A secondary goal of advertising will be to promote the public relation events and sponsorships. While public relation will be used to get word out of the consumers about social events and sponsorships, advertising will be used as a supplement to this effort.

c) Strengthen & Expand Distributor Network

It will be our goal to provide high quality end products at reasonable prices. Further, we wish to pursue Wholesalers and Distributors that will allow for direct shipment from the Internet sites. Order sizes will be small when the medicines will launch. Consequently, it will take time to develop a relationship that will allow for direct shipments. We plan to tie up with big Chemists and Retail Outlets to directly supply them the stocks.

We wish to spend an amount of Rs. 100 lakhs on strengthening and expanding our distribution network. As a retail operation, we will have to undertake trade promotion activities. We will use Rs. 50,00,000/- for traveling expenses and to create and select Wholesalers, Distributors, Retail Malls/ Chains, Chemist Shops, etc. all over India to develop strong relationships. Also vehicles such as vans, tempos will be purchased to distribute and sell products in all regions, areas, and districts. The rest of the funds will be divided between developing a database of wholesalers, shops, chemists and distributors also to train salesmen alongwith arranging sales meets, conferences and recruitment advertisements.

We are not entering into any collaboration, performance guarantee or any assistance in marketing by any collaborators.

4. Research, Development & Analytical Laboratory

Research and development center plays major role in medicine industry. R&D center helps mainly in product development and building up the future of the Company by giving more products and making the existing products more effective. It mainly contributes towards developing innovative effective medicines, which may have greater impact on company's turnover.

We are at present doing research on Ayurvedic medicines for six critical diseases such as:

1. AIDS
2. Medicines for blood purification to avoid dialyses
3. Malaria
4. Blood Pressure
5. Typhoid
6. Jaundice

We intend to develop highly effective medicines for the above diseases. The entire Research and Development for above diseases is conducted under pilot project named "LONG LIFE".

Since years, our researchers are trying to develop herbal remedies to the new age health ailments. They have taken up very difficult goals in trying and developing a cure or control over diseases such as AIDS, Cancer, Diabetes and many more. It has already taken over 7 years for their research and yet many more years to go.

We have already achieved success in developing medicines for various diseases such as irregular digestive system, heart ailments, throat infections, sinus, improvement in eyesight, reduction in pigmentation of skin. The medicines proposed to be manufactured at our Expansion Project are result of our successful research in the past 5 to 7 years. They are looking not just to create an Ayurvedic option to other origin of medicines but Ayurveda as the only answer to the disease. This takes them to research over diseases which have no answers from any other school of medicines or diseases which are just being controlled and do not have a cure.

Ayurveda believes that any disease can be fought with the strength of the Human body itself. When attacked by diseases such as Cancer, a particular part, which is, affected starts degrading due to access generation of cells. As per Ayurveda, if the body is made strong enough to fight with these uncommon complications, it is possible to cure such diseases. It is not as easy as said, the combination of herbs are difficult to match to make sure the efficacy, as there is a wide choice of herbs. The research team has been successful in short listing a few of these combinations, which they feel, will work but are yet to be tried and tested. Medicine for blood pressure has been internally approved but yet to be approved from the Central Council for Research in Ayurveda and FDA.

Cost for Research and Development:

We have obtained FDA approvals for the 24-ayurvedic medicines that we intend to manufacture at our Surat plant. These ayurvedic medicines were researched and developed by our researchers during 1994-1999. Since then we have been working for further improvising our products. A lot of raw material is needed to conduct these trials, which are sourced personally by the researchers from various parts of the country by traveling there personally and spending time at the site where it is grown. The Company also intends to add more personnel to the research team. At present the Company does not have a full-fledged research (analytical) laboratory and therefore has to conduct most of its trials, combinations and research at other laboratories. This is very expensive and time bound which does not give its researchers enough freedom and time to do whatever they feel is necessary.

Therefore we propose to setup a complete laboratory at it's Surat factory which will give the researchers a much needed break to freely research on their objectives. For this reason we have decided to spend Rs.200 Lakhs on Research & Development, out of which Rs. 125 Lakhs would be spent on Research & Development and Rs. 75 Lakhs would be spent towards setting up analytical laboratory by purchasing equipments for research as well as QC necessary while manufacturing. The Company intends to set up ultra modern R & D and analytical laboratory to develop product range and to improve quality of the products as per market demand of the ayurvedic medicines. R & D center comprises of many ultra modern equipments, which will help us to research on various diseases and create probabilities of future products. The following are the activities in R& D for which the amount will be utilised:

- For welfare of researchers and other R&D staff.
- For raw materials required to experiment formulations and chemicals required for testing etc.
- For cost of registering new products with FDA.
- Travelling and staying costs of researchers on their visit to different herbal plantation sites in India.

The research wing should comprise of various rooms like sampling room, classical analytical laboratory, laboratory for industrial analysis, spectroscopy study laboratory, heating room, stability study laboratory, microbiology laboratory, media of reagent preparation room, sterile testing area, R & D laboratory, control sample room, change room for technical staff, reporting and record room.

The testing laboratory to be designed as per the Good Laboratory Practices (GLP) Norms, providing adequate space and sophisticated testing facility. The routine testing laboratory work involves day-to-day monitoring of the product inputs such as raw material, packing material, in process material and finally the finish product analysis. The analysis is carried out as per the standard norms or standard literatures, such as the BIS, IP, BP, USP etc. strict attention is paid towards the quality control and quality assurance aspects to rule out any abnormal deviation in the product quality.

5. Furniture & Fixtures

The Company is fixing totally new wooden furniture along with glass partition in entire plant at Surat. The furniture will be installed in various departments of the plant as mentioned below.

Director's Cabins

There will be 2 cabins for Directors. The total wooden furniture work in each cabin will be spread over 1,000 square feet comprising of wooden partition, ceiling, wooden pillars and frames along with door.

Managers Cabin

There will be four cabins along with office infrastructure like tables, wooden cabinets, storage cupboards. The total wooden furniture work in each cabin will be spread over 800 square feet comprising of wooden partition, ceiling, wooden pillars and frames along with door.

Executives Cabin

Six small cabins will be constructed for executives who will be working in different departments like factory accounting, store keeping, administration, production, R & D and excise. The total wooden furniture work in each cabin will be spread over 800 square feet comprising of wooden partition, ceiling, wooden pillars and frames along with door.

There will be fourteen office cubes of 50 square feet each for employees to work.

We intend to computerize entire MIS from factory having LAN system or other such efficient connection with office so that we have smooth co-ordination between office and plant and this will require furniture of additional tables, racks and drawers, which will be for approximately 1,000 square feet.

The total wooden furniture will be of 20,600 square feet and is estimated to cost @ Rs. 350/- per square feet, which is including finishing touch of melamine polish along with application of decorative veneer. The total cost of furniture works out to Rs. 72.10 Lakhs. The hardware, glass panels, handles, locks and other accessories like door closures etc. will be costing another Rs. 2.90 Lakhs. Thus total furniture expenditure will be Rs. 75.00 Lakhs. We have finalized M/s. Pritam Furniture as contractor for completing the furniture & fixture work based on their quotation-dated June 13, 2005. They have indicated time frame of 2 months for completion of furniture & fixture work.

6. Electrification & Fixtures

Particulars	Quantity	Rate	Total Amount (Rs. Lakhs)
2 Ton Air Conditioners	12	48,000	5.76
Lighting (Tubes with reflectors) bulbs, lamps etc	-		4.74
Main Switches, Cables etc			17.00
Cable installation, wiring with auto circuit breaker in Entire factory premises			22.50
GRAND TOTAL			50.00

(Source: Estimates by the Company's management)

The above equipments are available in the market and are to be sourced from various suppliers.

7. Issue Related Expenses

We have allocated Rs. 350.00 Lakhs towards Issue related expenses, which includes expenses towards Issue management fee, Registrar's expenses, Legal Advisors' fee, underwriting commission, selling & brokerage, stamp duty, advertisement, printing & distribution, other statutory charges, etc., brief details of which are as under:

Particulars	Amount (Rs. in lakhs)
Printing & Distribution	50.00
Issue Advertisements	120.00
Issue Management fee	30.00
Underwriting & Selling Commission	50.00
Registrars Expenses	20.00
Brokerage	30.00
Other Costs including fee to Legal Advisors, Stamp Duty, Listing fee, etc.	50.00
TOTAL	350.00

8. Working Capital

We are estimating working capital requirement of Rs. 600.00 Lakhs for Surat Project based on the calculations for the first full year of operations for the Expansion Project. The working capital will be used for purchase of raw material & packaging material, sundry debtors, security deposits, advance income tax and advances to suppliers.

This working capital requirement is based on our CMA Data that is as follows: -

Particulars	Basis	Norms for the year 2005-2006 (provisional)
Inventories	In days	35 days
Sundry Debtors	In days	40 days
Loans & Advances	In Rs. Lakhs	37.26
Sundry Creditors	In days	21 days
Provisions	In Rs. Lakhs	13.27
Advances to Suppliers	In Rs. Lakhs	4.45

The Company's consolidated requirement of working capital for the financial year 2005-2006 has been arrived as under:

Rs. in Lakhs	
PARTICULARS	Estimated Working Capital Requirement for the Year ended June 30, 2006
CURRENT ASSETS	
- Inventories	351.95
- Sundry Debtors	402.22
- Loans & advances	37.26

Sub Total	791.43
Less:	
- Sundry Creditors	173.71
- Provisions	13.27
- Advances to Suppliers	4.45

Sub Total	191.43
Net working capital	600.00
Less: Consolidated bank finance of working capital	NIL
Additional working capital requirement	600.00

9. Contingencies

We have provided 5% of the total Project Cost, i.e., Rs.110 Lakhs for contingencies. The cost estimates are based on the budgetary quotations for the majority of the capital equipments and no major change in the cost is expected. Contingencies are mainly to provide for fluctuations of prices of machineries, analytical equipments etc.

LAND AT SURAT

We have our own built up area of 24,717.66 square feet situated at 464, New G I D C, Katargam, Surat – 395 008

INFRASTRUCTURE FACILITY

Raw Material – We require various herbs like Vajradanti, Majith, Mayuphal, Nagarmoth, Godavaj, Dadam Phool, Karanj, Triphla, Yestimadhu, Kumar Patharas, Babul, Panchang,, Ushir, Phatakdi, Rose, Pushkar Mool, Simalo, Lodhara, Madan Phul, Jatamasi, Amala, shikakai, Bhungraj, Neem Oil, Chopchini, Sonamukhi, etc. which are available in abundance and we are not foreseeing any problem in procuring these herbs.

The other raw material namely Caco3, Silica, Mentol, Petroleum Jelly, Hard Wax, Natural Colours, Sodium Sacchrine, Natural Gum, SCMC, Sodium Lauryl Sulphate and others are also available in the organized market.

WATER

The total requirement of 5,000 to 7,000 litres of water a day is being met by Surat Municipal Department.

POWER

We have an existing sanctioned load of 20 HP for the Surat Plant. We further require 250 HP power load for which the necessary applications will be made to Surat Electricity Board after installation of electrical fittings in the premises.

MANPOWER

We are in the process of recruiting employees for the expansion project. While certain senior persons from the existing unit will also oversee the operations of the expansion project during the initial days, we are looking for both skilled and unskilled manpower across various functional areas and ensure their technical / professional competence. While the production facility would require additional manpower, the human resource requirement for the marketing and corporate department will not increase on linear basis and we shall start enjoying the benefits of cross selling and economies of scale.

We shall recruit personnel for the Surat operations closer to the starting of commercial production of this unit. The manpower requirement for the expansion project is anticipated to be around 125 personnel who we are looking at recruiting from Surat, Mumbai and adjoining areas. Our plant being located at Surat, which is an established industrial town, we do not foresee any difficulty in the availability of and recruitment of the requisite quality manpower.

IMPLEMENTATION SCHEDULE

We propose to commence the commercial production at our Surat Plant by February 2006. The schedule of implementation is expected to be as under:

Activity	Commencement Time	Completion Time
Civil works including electrification	September, 2005	October, 2005
Placement of orders for plant and machinery including allied equipments	September, 2005	--
Delivery of plant and machinery and furniture etc.	November, 2005	December, 2005
Installation and Commissioning	December, 2005	January, 2006
Test Run of plant and machinery	January, 2006	--
Commencement of Commercial Production	February, 2006	--

PROPOSED PRODUCTS TO BE MANUFACTURED AT OUR SURAT PLANT

We propose to manufacture the following 24-ayurvedic medicines at our Surat Factory:

<u>SR. NO.</u>	<u>NAME</u>	<u>FORM</u>	<u>INGREDIENTS</u>	<u>DESCRIPTION</u>
1	Diasol	Tablet	Amla Churna, Anantmool Churna, Chirayata Churna, Dantimool Churna, Gorakhmundi Churna, Gokshur Churna, Indrayava Churna, Jambubij Churna, Kalijari Churna, Madhunashini Ghan, Mamjava Ghan, Neem Tavak Churna, Piper Churna, Amurta	This is for diabetes. It can replace insulin intake as it increases insulin secretion in the body.
2	Long Life	Oil	Ashwagandha, Limbori, Rasana, Til Oil & Flavour, Avipatkar Tab, Avipatkar Churna	Massage Oil for heart ailments.
3	Heartonil	Tablets	Arjuna Ghan, Daru Haldar Churna, Gokshur Churna, Jayphal Churna, Javantri Churna, Lodhar Churna, Puskar Mool Churna, Tamal Patra Churna, Amurata Churna, Yesti Madhu Churna	Tablets for heart ailments.
4	AMAR Herbal Liquid Bath	Liquid Soap	Sonamukhi, Nagar Moth, Aritha, Anant Mool And Godavaj.	Anti bacterial, anti fungal and antiseptic herbal liquid soap.
5	Amar Ear Drops	Liquid Drops	Apamarg, Arkpan, Neem Patra, Nimbu Juice, Daruhaldi, Dashmool Quath, Jethimadh, Godhavaj, Saragava Chal And Sarsav Oil	Liquid drops for hearing problems
6	AMAR Singing	Tablets	Bharang Mool Churna, Dadam Tavak Churna, Kanikari Churna, Sakar Churna, Triphala Churna, Variyali Churna, Yestimadhu Ghan	Tablets for throat infections and other throat related disorders
7	Eyesol	Tablets	Velc Churna, Bhungraj, Jayotishmati Churna, Yestimadhu Churna, Palash Phoos Churna, Piper Churna, Shatavari Churna, Triphala churna.	Tablets for eye allergies like irritation, redness and itching.
8	Hair Tonic	Gel	Kumar Patha Ras, Jatamasi, Bhungraj, Amala, Shikakai and Jayoti Shmati	Anti-dandruff, non greasy herbal hair oil
9	Hair Grow	Tablets	Jatamasi Churna, Godhavaj, Bhangraj Churna, Brahmi Churna, Shankpushpi Churna, and Neem Panchang Churna	Tablets for hair growth.
10	Skinofa	Tablets	Punarva, Piper, Ushir, Chandan, Rose Phool and Majith.	Tablets for reducing pigmentation in skin.
11	Skinolee	Tablets	Sonamukhi, Variyali, Sunth, Harde and Nasotar.	Eczema and other allergies
12	Skinova	Tablets	Pipramool, Piper, Punarnava, Rasana, Sunth and Arandmool.	For pimples, scars and any other eruptions on skin.
13	Young Man Cream	Cream	Triphala Churna, Yestimadhu Churna Liquorice Kumar Patha Ras, Babul Panchang, Ushir Phatakdi, and Rose.	Skin conditioning for men.
14	Queen Skino White	Cream	Kumar Patha Ras, Pushkarmool, Simalo, Lodhara, Madanphool, Babul Panchang, Majith, Jatiphool and Sukhad.	Anti-aging cream for women.
15	Turmeric Cream	Cream	Kumatr Patha Ras, Punarwa, Haridra, Lajjalu and Jambir.	Antiseptic cream for all cuts, wounds and burns.

16	Queen Lotion	Lotion	Kumar Patha Ras, Puskarmool, Simalo, Lodhara, Madanphool, Babul Panchang, Majith, Jatiphool and Sukhad.	Skin toning and conditioning lotion for women.
17	Young Man Liquid	Lotion	Triphala Churna, Yesthimadhu Churna, Kumarpatha Ras, Babul Panchang, Ushir Phatakdi, and Rose.	Toning and conditioning liquid lotion for men
18	Gautonil	Tablets	Akalgaro Churna, Ajmo Churna, Chopchini Churna, Lovan Churna, Dashmool Qwath Ghan, Kalamari Churna, Maharasnadi Ghan, Piper Churna, Piperamool Churna, Viding Churna, Sakar Churna And Shudha Gugal. Akalgaro Churna, Ajmo Churna, Chopchini Churna, Lovan Churna, Dashmool Qwath Ghan, Kalamari Churna, Maharasnadi Ghan Piper Churna, Piperamool, Churna, Viding Churna, Sakar Churna and Shudha Gugal.	Helps in gout.
19	Femina	Tablets	Ali, Daruhaldi, Hirabole, Gokshur Churna, Majith, Nag Keshar, Tankan Khaxar, Triphala Churna, Auplate Churna and Vasa Churna.	Helps in irregular menstrual cycle and reduces body pain during periods.
20	Shaktiman	Tablets	Akalgaro Churna, Ashwagandha Churna, Kali Musali Churna, Jethimadh Churna And Swat Musali Churna	Rejuvenates, strengthens and gives more stamina.
21	T-32	Tablets	Amla, Phatakdi, Behda, Ghodavaj, Geru, Harde, Jethimadh, Mayuphal, Piper, Sindhav and Sonamukhi.	For oral ailments and hygiene.
22	AG 7 Medicated Toothpaste	Tooth Paste	Vajradanti, Majith, Mayuphal Nagarmoth, Godavaj, Dadam Phool and Karanj.	Medicated toothpaste.
23	Constfree	Tablets	Chitrak Churna, Markandi Churna, Piper Churna, Katuki Churna, Triphala Churna, Vidang Churna, Variyali Churna and Yesthimadhu Churna.	Acts as a digestive system rejuvenator
24	Melona	Tablets	Ativish Churna, Cinachona Bark Churna, Dikamai Churna, Gokshur Churna, Mamjava Ghan, Neem Tavak Churna, Satavin Chall Churna, Tulsi Churna and Vasa Churna.	Tablets for malaria.

We have not yet made any application for registration of patent for these proposed 24 products and are planning to file the application for product and process patent after the commencement of commercial production of each product.

Future Capacity and its Utilization

PRODUCTION CAPACITY OF SURAT

Tablets

Total Production Capacity 1,03,68,00,000 Tablets

Particulars	2005-06	2006-07	2007-08
Installed Capacity of no. Tablets	1,03,68,00,000	1,03,68,00,000	1,03,68,00,000
Utilisation	35%*	79%	82%
Production (No. of Tablets)	36,27,20,229	81,75,15,763	84,99,99,744
Price / Tablet	0.82	0.95	0.95

Balm Ointment 500 MT Year Production Capacity

Particulars	2005-06	2006-07	2007-08
Installed Capacity in MT	500	500	500
Utilisation	51%**	85.00%	90.00%
Production capacity in MT	256.25	425.00	450.00

* Utilisation will be less because of commencement of commercial production from February 2006 onwards.

** Balm ointment production capacity will be utilized upto 51% as we are already producing Balm ointment from our Daman plant and in Surat, installing more production capacity for the same.

KEY INGREDIENTS PROCESS:

There are three basic methods, which the company has developed to process the key ingredients.

1. Distillation Process Extract
2. Water (Cold) Process Extract
3. Churning & Natural Sunlight Process Extract

In herbal medicines, if the process of extract of herbs is neglected or ignored, the effectiveness of those herbs will be very low. This has created a misconception in the minds of consumers' that herbal medicines take longer time to show results. If the ayurvedic medicines are made with the right extract of key ingredients or main ingredients, then the medicines can be more effective. Our processes are designed to give attention to extract ingredients from herbs that are to be used in the medicines.

Distillation Process Extract:

First raw herbs in form of granules are soaked in purified water for over 144 hours. This water contains certain natural salts, which help in extracting the important properties of the herbs. After the above-mentioned period, the herbs are separated from water. This water is taken for distillation where heat is given to vapourise the water so as to separate the properties extracted from water. This extract is further mixed into the formulations.

Water (Cold) Process Extract:

Herbs in form of granules are soaked in purified water, which have natural salts to extract the healing properties from the herbs. The herbs are kept soaked for 144 hours. After 144 hours, the water and the herbs are separated. Once again the same quantity of herbs are soaked in the water for the same time. The same process is carried on for a total of 4 times, keeping the same water and only adding new herbs. At the end of the process one will have properties of the herbs taken into the water, which is 4 times its strength. All this is done at Room temperature away from direct sunlight.

Churning & Natural Sunlight Process Extract:

Herbs in form of granules are put into a churner, which is an in-house designed machine and has the capacity of churning one ton of herbal granules at a time. It has rollers of granite stone, which churn the granules against a bed of granite stones. Once the herbs are put into the churner it is kept on for non-stop 48 hours at a time.

After these 48 hours the herbs form a paste like mixture, which is then kept in oven to dry. After this the waste of the herbs are separated and the rest is once again put into the churner with additional quantities. The same process is repeated 4 times and at the end we have only 25% of the Total quantity, which is usable. Hence this 25% has the strength of 100% of the herbs churned.

There are four different product categories, tablets, creams, ointments and liquids & lotions.

Manufacturing Process for Tablets:

Active Ingredients being herbs are taken in granular or triturated form in the mass mixer. To this herbal triturated powder, binder, sweetener (only in some cases) and suitable preservatives are introduced in the pre-dissolved form in water. Mass mixer is run continuously to obtain a good homogenous mass. This mass is transferred to drying tray to optimize the moisture content before it goes to the granulator / punching. The punching machine is set to give the desired shape and size to the mass.

After punching, the tablets are subjected to polishing in the polishing pan to give it a final finish, coating, color and the rest aesthetic value. All tablets are finally released by the Q.C. department and are packed in their respective forms like blister packing or in bottles.

Manufacturing Process for Creams:

The process of manufacturing dental creams will also include process of manufacturing toothpaste. These dental creams are 100% medicated does not foam and may not have a very pleasant taste therefore we treat it as dental cream and not toothpaste.

All ingredients are taken in the mixing vessel by vacuum at different stages. To ensure creation of a homogenous mass the mixer will run for a prescribed time. The active ingredients are added at the end of mixing. Active ingredients have already gone through one of the processes mentioned before and then simply added to the mixture. The entire mixing process is a cold process. After getting the required viscosity and other specifications the material is dropped into a holding tank from which it passes on to filling machines. The material is only dropped after clearance from the QC department. Further, the cream is filled in tubes or bottles and sealed with caps. The same procedure is followed for the medicated toothpaste.

Manufacturing Process for Ointments:

For manufacture of ointment, a certain degree of temperature is always maintained in the mixing vessel by way of passing hot water in the jacket of the vessel. All ingredients are put into the mixing machine by gravity and mixed for almost two hours. A sample from the mixing vessel is first cleared by the QC department after which it is transferred to other vessel to facilitate filling and packing. The initial viscosity is very low so as to facilitate the content to mix and then pass on to other vessels for filling. After filling into tubes, the tubes are kept in a cool and dry place for the content to firm up in viscosity needed for ointment. Active ingredients are again processed earlier in one of the three mentioned processes and then mixed with other ingredients in the mixing vessel.

Manufacturing Process for Liquids & Lotions:

Liquids and lotions are mixed in a mixing vessel where all ingredients are at a time put in by gravity flow, including the active ingredients. For liquids the process is a hot process whereas for lotions it is completely a cold process. After mixing all ingredients including the active ingredients and clearances from QC department, the content is passed on to vessels, which are connected to the filling and sealing units. Bottles or tubes are further filled & sealed.

SECTION IV – ABOUT US

INDUSTRY OVERVIEW

Ayurveda System

The word 'Ayurveda' comes from the word 'ayur' meaning 'life' and the word 'veda' meaning 'to know'. Ayurveda is the *Science of Life*. Its origin is beyond the Vedic Period because it is referred to in Vedas. Ayurveda takes an integrated view of the physical and spiritual aspects of man. Ayurveda considers the human being as a combination of the three energies (*Tridoshas*), five elements (*Panchmahabhutas*), seven body tissues (*Sapta Dhātu*), five senses (*Pancha Indriya*), mind, intellect, and soul.

Ayurveda considers three fundamental universal energies, known as *Tridoshas*, which regulate all natural processes on both the macrocosmic and microcosmic levels. The same energies, which produce effects on the galaxies, operate at the level of the human physiology also. *Dosha* in Sanskrit means a blemish. When the three *doshas* are in balance, health is ensured. An imbalance caused by excess or deficiency leads to a disease. The three *doshas* are *Vata*, *Pitta* and *Kapha*. *Vata* is composed of space and air, *Pitta* is composed of fire and water, and *Kapha* made of water and earth. The blemish can be bodily or psychological. The body blemishes are *Vata*, *Pitta*, and *Kapha*. The psychological blemishes are *Rajas*, *Tamas*, and *Sattva*. *Vata* is originated from the Sanskrit word *vaayu* (wind) that moves things. Composed of space and air, the lightest and subtlest, it is considered to be the most influential. *Pitta* is associated with the digestion, heat production, providing color to the blood, vision, and skin luster. *Kapha* holds things together and gives strength, stability and endurance. It governs immunity and resistance.

Ayurvedic & Traditional Medicines

According to Charaka, ayurvedic medicines are made of three kinds of substances, namely minerals and metals, vegetables, and materials of animal origin. The mineral and metals are diamonds, emeralds, and other gems; gold, silver, iron, lead, and other metals; orpiment, sulphur, mercury and various sorts of earths including salts. Vegetables include *vanaspati* (vegetables, which produce fruits without developing flowers), *vanaspatya* (those that produce both fruits and flowers), *virudh* (which creep as they grow supported by other plants. They are known as *pratnavati* and *valli*), and *oshadhi* (Those which perish after the ripening of their fruits). All deciduous herbs and plants fall within this class. Animals are categorized into: *jarayuja* (All viviparous animals or mammals, and *aja* (All oviparous or egg born ones), *swadaja* (All worms and insects born from filth, animal excretions or rotten substances), and *udbhija* (Tree born insects born of vegetable substances, or which take their birth underground and spring upwards after birth).

Traditional medicine includes diverse health practices, approaches, knowledge and beliefs incorporating plant, animal and / or mineral based medicines, manual techniques and exercises, applied singularly or in combination to maintain well being, as well as to treat, diagnose or prevent illness.

Complementary and Alternative Medicines

The terms complementary and alternative, non-conventional, or parallel refer to a broad set of health care practices that are not part of the country's tradition, or not integrated into its own dominant health care system. For example, in China, acupuncture is a traditional medicine; but in European countries it is defined as complementary and alternative medicine. Homoeopathy developed in Europe in the 18th century but after the introduction of allopathic medicine; it is not defined as traditional medicine but considered as complementary and alternative medicine.

WHO has classified the countries into the following three groups according to the degree of recognition accorded to traditional/complementary and alternative medicine.

Integrative System: In this, traditional medicine system is officially recognized and incorporated into all areas of health care provision. In such a system, it is covered under the national drug policy, providers and products are registered and regulated, the therapies are available at public and private hospitals and clinics, and treatment is reimbursed under health insurance, research is undertaken, and education is available. Only China, Democratic People's Republic of Korea, the Republic of Korea, and Vietnam are considered to have an integrative system.

Inclusive System: In this, traditional medicine system is recognized but not fully integrated into all aspects of health care. Examples are Canada and UK, which do not offer significant university-level education, but are making efforts to ensure quality and safety of the medicines. In Nigeria and Mali, national policies have been formulated but the products are not regulated. The other countries with an inclusive approach are India, Sri Lanka, Indonesia, Japan, Australia, UAE, Germany, Norway, The USA, and Ghana. It is noteworthy that, there is no national policy in Japan, Australia, Germany, and the USA. In India, traditional/complementary and alternative medicines are yet to be covered under the health insurance coverage. In this group, health insurance cover is available for treatment and medicines only in Japan and Australia.

Tolerant System: In countries with a tolerant system, the national health care is based entirely on allopathic medicine, but law tolerates some practices.

Infrastructure in Ayurveda Systems in India

A Comparative picture of the infrastructure available in the Indian systems of medicines and homeopathy as on April 1, 2002 is highlighted in the following table:

Facilities	Ayurveda
Hospitals	2,958
Beds	43,560
Dispensaries	14,252
Regd. Practitioners	4,30,263
U.G. College	154
Admission Capacity	6,300
P.G. Colleges	33
Admission Capacity	437
Industries	8,405

(Source: Department of ISM & H)

Ayurveda is well established as compared to the other streams of Indian medicines in terms of hospitals, dispensaries, bed strength, practitioner, colleges, and manufacturing units.

Manufacturing Units

In 2003, there were 8,405 units engaged in the manufacture of ayurvedic medicines. According to a survey undertaken by the Department of ISM & H in 2001, this industry is divided into large, medium, small, and very small unit as follows:

Sector	Average Sales Rs. in Crores	Units
Large	> 50	10
Medium	5 to 10	25
Small	1 to 5	965
Very small	< 1	6,000
Total		7,000

Industry Turnover

It is difficult to quantify the market size of the traditional Indian systems since many practitioners formulate and dispense their own recipes. As a result, the business in the herbal medicines segment is not exactly known. According to the survey conducted by the Department of ISM & H in 2001, the total turnover of ayurveda, siddha, unani and homeopathy was Rs. 4,200 Crores of which ayurveda and siddha together accounted for Rs. 3,596 Crores. Assuming an average annual compound growth of 10 percent, the sales of ayurveda and siddha medicines in May, 2003 i.e. reckoned at Rs. 4,350 Crores.

Exports of Ayurvedic Medicines

Exports of ayurvedic medicines for both retail and non-retail sale have been shown in the following table:

(Rs.in Crores)

Year	Ayurveda Retail Sale	Ayurveda Not for Retail Sale
1996-97	11.94	39.50
1997-98	25.32	42.24
1998-99	24.20	34.76
1999-00	40.56	36.23
2000-01	34.14	96.54
2001-02	39.22	92.26
2002-03	47.19	52.54

(Source: Department of Commerce, Ministry of Commerce & Industry)

Country-Wise Exports

Ayurvedic medicines are exported to a large number of countries of which the important destinations are the USA, Australia, Bangladesh, Taipei, Egypt, France, Germany, Indonesia, Italy, Japan, Korean Republic, Malaysia, Pakistan, Saudi Arabia, Sri Lanka, Thailand, UAE, Ukm Yemen Republic, Nepal, Germany, China and New Zealand. A brief summary of country-wise exports of ayurvedic medicines in retail packs is presented in the following table:

Destination	2001-2002 Rs. in Lakhs	2002-2003 Rs. in Lakhs	2001-2002 Tonnes	2002-2003 Tonnes
Russia	1,003.61	932.03	295.92	225.75
German F Rep	352.03	148.39	51.73	21.88
Sri Lanka	289.15	204.78	61.60	38.92
Guinea	203.17	97.53	40.40	18.60
Mexico	138.56	46.17	36.65	5.30
U S A	121.02	2.64	54.04	0.12
Ukraine	119.94	172.86	59.95	36.84
Vietnam Soc Rep	110.79	118.45	22.92	22.57
Congo P Rep	107.21	150.78	40.03	49.44
Italy	100.46	71.94	12.61	10.68
Argentina	77.14	11.85	11.53	1.58
Nigeria	76.17	29.45	24.07	5.06
Spain	75.75	105.40	10.87	14.66
Brazil	74.48	55.19	7.80	83.13
Turkey	71.99	146.26	1.52	25.90
South Africa	62.93	31.56	11.81	3.81
Iran	51.84	74.62	9.30	12.50
Total	3,921.72	4,719.04	-	-

(Source: Department of Commerce, Ministry of Commerce & Industry)

India also exports medicinal plants and parts including seeds & fruits used for perfumery pharmacy/insecticidal or similar purpose. Exports of medicinal plants are much higher as compared to that of ayurvedic medicines. Based on the information of Department of Commerce, Ministry of Commerce & Industry total exports of medicinal plants during FY 2002-03 was to the tune of Rs. 43,157.34 Lakhs.

Some Major Issues in Ayurvedic Medicines

- The Industry lacks professionalism and standards in production, packaging, etc.
- Claims by some manufacturers are not scientifically proven.
- Proprietary products are often marketed as classical preparations
- Rare herbs are not available and many species are likely to become extinct unless actions are taken to propagate their cultivation and use.
- Organic farming methods need to be encouraged for better efficacy and safety.

- The industry needs to go in for patenting medicines specified in the classical texts of Indian origin.
- The industry needs appropriate methods and devices for grinding, heating, preservation, and packing. For instance, control of moisture and fungal growth in lehyas, loss of oil and ghee on foaming in manufacture of kuzhambu, energy efficient heating methods in minerals and extraction in kashayamas need to be researched upon for further improvement.
- Good manufacturing practices need to be popularized.

Sales of Traditional medicines in India

According to a survey undertaken by the Department of ISM & H, the sales turnover of traditional medicines in India in 2001 was as follows:

Segment	Rs. in Crores	% Share
Ayurveda	3,496	83.23
Homeopathy	599	14.27
Siddha	100	2.38
Unani	5	0.12
Total	4,200	100.00

(Source: Tenth Five Year Plan: 2002-2007)

Ayurveda and siddha together accounts Rs. 3,596 Crores in 2001. Assuming an average annual compound growth of 10 percent, the market for ayurveda and siddha in 2003 may be reckoned at Rs. 4,350 Crores. At 10 percent growth rate, the demand for ayurveda and siddha medicines in the forthcoming years is estimated as follows:

Year	Rs. Crore
2004	4,785
2005	5,265
2006	5,790
2007	6,370
2008	7,000
2009	7,700
2010	8,480

Thus, the demand for ayurveda and siddha medicines is expected to increase from the current (2003) level of Rs. 4,350 Crores to Rs. 8,480 Crores by 2010.

Our Plans:

We are a professionally managed Company. In the past 5 to 6 years, we have been studying the Ayurvedic industry and understood the consumer needs. Accordingly we have made our strategy for developing and selling Ayurvedic medicines. Due to our strong R&D department, we feel that all the proposed products have high efficacy levels.

At our proposed infrastructure in Surat, we intend to set up a state of the art manufacturing facilities using all GMP compliant machinery. We have designed the plant to be completely dust-free and to some extent moisture free to ensure high standard of manufacturing. We are setting up a laboratory to facilitate in-house research and development at the same time to ensure high standard of quality control.

We intend to make ayurveda as a mainstream treatment instead of an alternative treatment by following good manufacturing practices and modernizing the packaging. This would also help in marketing of our products to developed countries viz. USA and Europe, which have set high standards for import of medicinal products. We also intend to give Consultation over toll-free phone lines which will be a unique way of knowing consumer needs and catering specifically to them. We propose to do extensive branding for selling our products Over the Counter. The instructions to use and description of the product will be mentioned in detail on the packaging, which would give confidence to consumers for using our products. All this would help us in changing the general perception of consumers towards ayurveda as an age-old science to a new-age remedy.

OUR BUSINESS

In the year 1984, Mr. P. Shah, promoted our Company as "Swami Aushadhalaya Private Limited" with the objective of undertaking extensive research in ayurveda. During the first five years of our operations we focused extensively on R&D in oral care products and ayurvedic medicines. In the year 1988, we made our first breakthrough in oral care products with the development of an ayurvedic toothpowder, which was commercially launched in the year 1989. We continued our focus on R&D, as a result of which in the year 1991, we developed and launched an effective ayurvedic vegetarian toothpaste, which we understand was the only toothpaste of its kind. As a continuous effort of our R&D department, we were also able to diversify into development of ayurvedic medicines. During the period between 1991 and 1998, we researched and developed 16 different ayurvedic medicines, which were approved by the FDA in the year 1998 for manufacture and sale. Further, we developed more ayurvedic medicines, which were approved by FDA from time to time. By 2002 we had a total of 24 ayurvedic medicines approved by FDA. In the year 2001, we developed two varieties of ointments, which were launched to a limited extent soon thereafter. We also kept on increasing our manufacturing capacity for toothpaste from time to time. Our main objective to do extensive research for developing new products and improvising upon our existing product range in the field of ayurveda continues to guide us.

In the year 1988, we set up our first manufacturing facility at Surat with a built up area of 24,717.66 square feet for the manufacture of toothpowder, toothpaste and other ayurvedic medicines. However, with the need to expand our manufacturing capacities to cater to the growing demand of our products in the domestic and foreign markets coupled with tax incentives available to us in Daman, we decided to shift our entire operations from Surat to Daman in the year 2001. There is a 5-year exemption on Income Tax and a 15-year exemption on Sales Tax. The Company also benefits on water and electricity charges. These reasons help the company reduce its cost of production. Further, there are no octroi charges applicable for the Company, which lowers the input cost. The manufacturing plant at Daman has a built up area of 20,682.65 square feet. The Daman factory is running in 3 shifts and is manufacturing various types of toothpastes & toothpowder along with balm and pain relief ointment. We propose to establish the Expansion Project in the existing Surat factory, which is presently non-operational.

Our Competitive Strengths

Our Existing Business

Due to our continuous and ongoing R&D, we have been successful in developing a wide range of toothpaste. We have been periodically developing different variants of toothpaste and till date have developed more than 25 variants of toothpaste. This has given us the strength and flexibility to cater to various demands of the domestic and foreign markets. This has resulted in a growth of over 200% in our turnover over the last three years. We have successfully developed 24 different ayurvedic medicines and have also obtained the FDA approval for the manufacture and sale of these medicines, which include medicines for hypertension, diabetes, and heart ailments. Amar toothpaste was quoted as the second best in India in the year 2002 (*Source: Consumer Voice, Volume 3 Issue 4 July-August 2002*).

Our Expansion Project

We propose to manufacture the 24 different ayurvedic medicines in the Expansion Project. Our focus on the development of these ayurvedic medicines will be to change the perception of consumers towards ayurveda from an age-old science to a remedy for various new age ailments and diseases by changing the delivery system of the medicine. We also propose to start a unique concept of consultation over toll free phone lines for ayurvedic treatment on a large scale, sales and service offices in select cities of India.

MANUFACTURING OF TOOTHPASTE:

Initially we started manufacturing Amar toothpaste in 2 variants, 'Regular' & 'Strong' and started selling them in the markets of Maharashtra, Gujarat and Madhya Pradesh. We started manufacturing various brands of toothpaste for the domestic and international markets. This was possible as we added to our manufacturing capacity when we shifted our plant to Daman.

Since then we have succeeded in manufacturing more than 25 variants of toothpaste. We started manufacturing and catering to the markets of various countries in Africa, Middle East and South America. Most of the sales to the foreign markets were made through Intermediate Traders, as the payments could not otherwise be secured from the above-mentioned markets. These Intermediate Traders were responsible for introducing the Company in these markets and a few

brands manufactured by the Company are owned by these Intermediate Traders in the foreign markets. We have been regularly expanding our capacity at the Daman plant to ensure supply to the growing demands for our toothpaste.

We have been planning to start an aggressive campaign to sell their new brands in the local markets all over the country. It has already started creating a dealer network till the taluka level of the country. We have been successful in manufacturing almost all varieties of toothpaste.

The names of the brands manufactured by us are as under:

Anitadent Red Gel, Anitadent Blue Gel, Amardent Red Gel, Amardent Regular, Amardent Strong, Amardent White, Amar Regular, Amar Strong, Amar White, Topdent Red Gel, So Fresh Red Gel, So Fresh Chalk Toothpaste, So Good Chalk Toothpaste, Smyle Herbal Green Toothpaste, Smyle Herbal White Toothpaste, Smyle White Toothpaste, Specialment Chalk Toothpaste, Stardent Red Gel, Stardent White Chalk Toothpaste, Snodent White Chalk Toothpaste, Snodent Semi Gel Red Toothpaste, Snodent Semi Gel Blue Toothpaste, Titanic Chalk Toothpaste, New Smiles Red Gel, New Smiles White Chalk Toothpaste, Nature Works Gel, Nature Works White Chalk Toothpaste, Royal Fresh Chalk Toothpaste.

We are manufacturing in total 29 different qualities of toothpaste under 15 different brand names. Out of these 15 brands, we are selling 12 to intermediate traders for foreign markets and 3 brands are sold in the domestic market. From 2004-05, we started exporting these 12 brands in the international market directly and our direct exports were Rs. 507 lakhs. Of these 12 brands, we have made application for trade mark registration for 7 brands and out of 3 brands which are sold in the domestic market; we have made application for registration in respect of 2 brands.

We have the necessary infrastructure at our Daman plant, which helps us to achieve the desired production targets. Further the Company is active in developing more variants to penetrate and reach other markets as well. We also plan to approach the WHO for approving our manufacturing facility so that it will facilitate us in entering the developed markets such as America and Europe.

Initially, all the liquids like humectants, water are sucked in an evacuated vessel. Water solubles like sweetener and preservatives are added to it. The mass is mixed to obtain uniform concentration and stirred under vacuum at 760 Hg. in the vessel at all times. The binder is introduced to form a viscous gel. The quality of this gel is subjected to in-process Q.C. checks for homogeneity, appearance and viscosity. To this gel, solids like the polishing agent and abrasive (cleansing agent) is added and thoroughly mixed to obtain a good uniform paste. Lastly, foaming agent followed by flavour is introduced and mixed under vacuum at 760 Hg till the batch confirms with the required quality standards.

On initial quality control release, the batch is dropped into the holding tanks and on final Q.C. release; the product is ready for filling and sealing in their respective pack forms and sizes.

BALM

This product is for cold, headaches and body aches. It contains kapur, menthol and lavang oil, which is a known and age old remedy for cold, headaches, etc. Our Company manufactures balm under 2 brand names, Amar and Nature Works. The balm market is seasonal during the monsoon and winters only. We have an installed capacity to manufacture 200 tones of pain balm as on June 30, 2005 and we are operating around 95% of capacity.

The manufacture of balm is done by firstly filling all the raw materials into the mixing machine. There are certain raw materials, which need to be heated, melted and mixed with the rest of the raw materials. After mixing, the raw materials form the required viscosity for balm, which is then transferred to the filling machines by stainless steel pipes where it is filled into bottles in liquid form and then dried at room temperature. The bottles after drying are fitted with the caps and sealed by plastic sleeves. The transfer of the material from the mixing vessel onwards is only done after clearance from the quality control department.

TOOTHPOWDER

Ayurvedic tooth powder contains the qualities to help strengthen teeth, avoid bleeding gums and removes plaque. It contains jethimadh, fatakadi, which not only helps in strengthening teeth but also protects throat infections. We have an installed capacity to manufacture 575 tonnes of toothpowder as on June 30, 2005 and are operating around 25% of capacity because of poor demand for toothpowder in the market.

The manufacture of toothpowder is done by firstly putting all herbs in a mixing vessel in granule form. After a prescribed time of mixing, colour and flavour is added and mixed further for 15 minutes. After clearance from the Q.C. department, the material is dropped to the filling machine to fill in the bottles.

GETUP

It is an ointment, which is a remedy for backaches, joint pain, muscle pull and sprains. It has akda as its active herb, which is known for its strength in curing all sorts of muscle and joint pains disorders. We have an installed capacity to manufacture 375 tones of ointment as on June 30, 2005. We are operating at 95% of the installed capacity.

The raw materials are put into the mixing vessel altogether. This mixing vessel has a jacket through which hot water is passed to maintain a high temperature for facilitating the mixing process. The mixing continues till the material is completely homogeneous and forms the required viscosity. The material is then sent for Q.C. check and after clearance, it is dropped to the filling machine for filing into the respective sizes of tubes.

CAPACITY & CAPACITY UTILISATION STATEMENT

The table below gives details of the actual installed production capacity and the utilization of the production capacity in Daman Plant. This data is based on the plants working on a three-shift basis.

FY	Toothpaste				Toothpowder				Pain Balm				Get Up			
	Installed Capacity (tons)	Capacity Utilisation	Production (tones)	Sales (Rs. lakhs)	Installed Capacity	Capacity Utilisation	Production (tones)	Sales (Rs. lakhs)	Installed Capacity	Capacity Utilisation	Production (tones)	Sales	Installed Capacity	Capacity Utilisation	Production (tones)	Sales
2004-05	10300	95%	9785	8991	575	25%	144	90.80	200	95%	190	159.8	375	95%	356	1436.41
2003-04	7100	90%	6412	6925	575	18%	103.5	91.5	180	85%	170	91.8	360	88%	316	1112.2
2002-03	6750	85%	5106	6260	560	27%	150.7	81.2	150	95%	142	83.8	299	95%	284	934.84

(Source: Audited accounts of the Company)

We have recently completed expansion of our installed capacity from 7,100 tones to 10,300 tones from internal accruals.

DETAILS OF FUTURE CAPACITY UTILISATION FOR NEXT 3 YEARS

Daman Plant

FY	Toothpaste		Toothpowder		Balm		Get Up	
	Installed	Utilization	Installed	Utilization	Installed	Utilization	Installed	Utilization
2005-06	11750	95%	575	13%	220	95%	400	90%
2006-07	13000	95%	575	13%	255	95%	450	90%
2007-08	14160	95%	575	13%	270	95%	450	90%

(Source: Estimates of the management of the Company)

LAND

Daman factory is situated on a plot of land bearing survey No. 375/14 situated at Kachigam, Nani Daman, within the industrial zone and within Kachigam Village Panchayat Jurisdiction, Taluka Daman. The plot of land admeasuring 1,922.18 square meters. The land is freehold property.

The Company has its registered office at 207, Roop Raj Building, 497, S.V.P Road, Opera House, Mumbai, which is a rented property. There has been no formal agreement entered into between the Company and the owner of the premises and the Company has been occupying the said premises since 1989 and have been regularly making rent payments and have been receiving rent receipts for the same.

RAW MATERIALS

The active ingredients used in manufacturing of herbal or ayurvedic toothpastes are various herbs like aritha, babul, bheda, barde, phatakadi, kalamari, mayuphal, samudrapfal, piper, jethimadh, etc. The active ingredients used in manufacturing of non-herbal toothpaste flouride, triclosan, baking soda, etc. The basic ingredients for chalk toothpaste are precipitated calcium carbonate, silica, sodium Carboxy Methylcellulose, sorbitol, glycerine, methyl paraben sodium, propyl paraben sodium and sodium benzoate. The basic ingredients for gel toothpaste are sorbitol, glycerine, abrasive silica, Polyethylene Glycol 1500, sodium Carboxy Methylcellulose, methyl paraben sodium, propyl paraben sodium and sodium benzoate. Flavour is an important part of toothpaste and is a combination of several essential oils such as menthol, cinnamon oil, clove oil, menthe pipereta, spearmint oil and many more. In addition to these, permitted colours, sugar, preservatives, are also used.

The active ingredients used in Get up are akda, jethimadh, godhavaj, menthol, methylsylicit, etc. The ingredients used for forming the base are petroleum jelly, wax, organic oil, etc. Further to this, fragrances and colour are added to form the aesthetic requirement of the product.

The active ingredients used in balm are menthol, orange extract, etc. The ingredients used for forming the base are petroleum jelly, hard wax, etc. Further to this, fragrances and colour are added to form the aesthetic requirement of the product.

The active ingredients used for Toothpowder are amla, jethimadh, samundrafal, sonamukhi, fatakadi, etc. The basic ingredients are sweetener, colour and flavour.

POWER, FUEL & UTILITIES

POWER

The existing requirement of power at Daman is 125 HP against which we were having a sanctioned load of 80 HP from the office of the Executive Engineer, Electricity Department, Union Territory of Daman & Diu. Since we have recently increased our installed capacity from 7,100 tones to 10,300 tones, we had applied to the concerned authorities for increase in sanctioned load from 80 HP to 240 HP. We have installed one Transformer of 300 HP for meeting the above requirement. We have never faced any problem in availability of power as in the past also against sanctioned load of 80 HP, we are using up to 125 HP without any difficulty.

WATER

Water is used in the plant for manufacturing, processing and cooling purposes. The requirement of water is 18 to 20 thousand liters on a daily basis and we are getting our entire water supply from the Daman Municipal Corporation. The water quality being different from these sources, we have installed Reverse Osmosis water treatment system in the plant itself.

EFFLUENT TREATMENT FACILITIES

We do not produce any kind of effluents, whether in the form of solid, liquid or gas. We take necessary approvals from the Pollution Control Board every year. However, our application for renewal for the period 2004 is still pending with the concerned authorities. We do not reasonably foresee any problem due to non-receipt of the said approval on our manufacturing activity.

HUMAN RESOURCES

The total employee strength of the Company as on June 30, 2005 is two hundred and seventy, details of which are as follows:

Function/Department	Total Employees strength
Supervisors	13
Marketing	71
Purchase	7
Research & Development	7
Other Administrative & Finance Functions	22
Labours* – Skilled	120
- Unskilled	30
Total	270

* Skilled labours include labours who are operating / maintaining / repairing machines & its parts, stores, packaging, whereas unskilled labours perform the work of transportation, loading, unloading of goods, house-keeping, security, and internal movement of materials.

We have never faced any problem on account of labour disputes, strike, lock-outs, etc

INSURANCE

We have insured our assets with New India Assurance Company Limited and Bajaj Allianz General Insurance Company Limited, the details of which are as under:

Insurance of Stock of Raw Materials, Semi Finished and Finished Goods

S. No.	Insurance Policy No.	Sum Insured (Rs. in Lakhs)	Policy Valid Up To	Policy Coverage
1	OG-06-1904-4001-00000024	110.00	March 22, 2006	Standard fire and special perils Policy
2	OG-06-1904-4001-00000152	354.85	April 12, 2006	Standard fire and special perils Policy
3	OG-06-1904-4001-00000448	75.00	June 10, 2006	Standard fire and special perils Policy
4	OG-06-1904-4001-00000835	150.00	August 4, 2006	Standard fire and special perils Policy
5	110600/11/04/01917	260.00	November 10 2005	Standard fire and special perils Policy
6	OG-06-1904-4001-00000560	120.00	May 31, 2006	Standard fire and special perils Policy
TOTAL SUM INSURED (Rs. in Lakhs)				1,069.85

Insurance of factory building at Daman

S. No.	Insurance Policy No.	Sum Insured (Rs. in Lakhs)	Policy Valid Up To	Policy Coverage
1	OG-06-1904-4001-00000023	342.00	March 21, 2006	Standard fire and special perils
2	OG-06-1904-4001-00000336	50.00	March 23, 2006	Standard fire and special perils Policy
TOTAL SUM INSURED (Rs. in Lakhs)				392.00

Insurance of Plant & Machinery at Daman Factory

S. No.	Insurance Policy No.	Sum Insured (Rs. in Lakhs)	Policy Valid Up To	Policy Coverage
1	110600/11/04/00080	45.15	April 12, 2006	Standard fire and special perils
TOTAL SUM INSURED (Rs. in Lakhs)				45.15

Insurance of factory building at Surat

S. No.	Insurance Policy No.	Sum Insured (Rs. in Lakhs)	Policy Valid Up To	Policy Coverage
1	OG-06-1904-4001-00000559	110.00	May 31, 2006	Standard fire and special perils
TOTAL SUM INSURED (Rs. in Lakhs)				110.00

EXISTING WORKING CAPITAL FACILITIES

We have not taken any term loans from any banks / institutions. We are availing working capital facilities from UTI Bank, Fort, Mumbai. The main details of the facilities as on June 30, 2005 are as under:

(Rs. in Lakhs)

Name of Lender	Nature of Facility	Limit Sanctioned	Limit Utilized	Terms of Sanction	Security Offered
UTI Bank	Cash Credit	500	492	10.00% per annum on a monthly basis.	1. Hypothecation of stock, book debts and plant & machinery. 2. In addition, collateral security of Ist charge on factory land and building at Daman & Surat.
	WCDL (In Foreign Currency)	1000	1000	6 months libor plus 400 bps	3. Ist charge on a residential flat at Surat standing in the name of Ms. Pratima P Shah, one of the Promoters of the Company. 4. Personal guarantee of Mr. Sagar P Shah, and Ms. Pratima P Shah.

Note: We were availing working capital facilities from Canara Bank, Nariman Point, Mumbai upto March 16, 2005. With effect from March 17, 2005 we shifted our working capital facilities to UTI Bank, Fort, Mumbai.

INTELLECTUAL PROPERTY

We have not made any application for acquiring patent for the process of manufacture of our various existing products including the toothpaste that accounts for about 85% of our total turnover since this is a commonly available product and there are different manufacturing processes. The quality and effectiveness of products is more dependent upon the composition of certain ingredients, thus making it different from other toothpaste. We are not manufacturing vegetarian toothpaste by a particular procedure / process / method of manufacturing but by addition / subtraction of certain ingredients. Therefore, to manufacture vegetarian toothpaste for our company, we do not follow any specific procedure / process / method, but maintain the ingredient composition of our vegetarian toothpaste. We, however, have made an application for registration of trade mark for 11 products. In regards to future 24 ayurvedic medicines, we will be applying for process patent of all of our future manufacturing processes after commencement of commercial production.

India is a party to the World Trade Organisation and there have been numerous treaties and agreements, which have been entered into by participating countries. With respect to Intellectual Property Rights, WTO members have entered into an agreement on Trade Related Aspects of Intellectual Property Rights or more commonly known as TRIPS to which India is also a party. In compliance of the said agreement, India has also started recognising product patents from January 1st, 2005 whereas process patent were always recognized in India under the Patent Act. However since Ayurvedic products are manufactured through a process of mixing various natural ingredients and, the end product which is manufactured cannot be classified as a new invention we cannot patent our Ayurvedic products under the Patents Act. Once we commence commercial production of the 24 proposed products, we do intend to patent our processes for manufacture of these products. We will need to have our marks and tradenames registered and also patent all our processes involved in the manufacture of the products to compete and protect our interests with competitors from other nations.

We have made applications for registering the trademark following trademarks:

Sr. No.	Class	Type	Application No.	Trade description	Trade mark	Use
1	3	Application	561307	Manufacturers, Merchants & Exporters	“Amar”	Amar Ayurvedic Toothpaste, Amar Ayurvedic tooth powder, Amar Ayurvedic gel tooth pastes, and all types of dentifricers, cosmetic creams, shampoos, washing soaps, toilet soaps and detergents
2	5	Application	561308	Manufacturers, Merchants & Exporters	“Amar”*	Amar Ayurvedic balm, ayurvedic creams, ayurvedic medicines, ayurvedic liquid (internal) sinus drops, ayurvedic liquid (antiseptic cream) for external use and ayurvedic ointment (heart beat) and other ayurvedic tablet (medicinal) preparations
3	3	Application	1322701	Manufacturers and Merchant.	“AMARdent”	AMARdent ayurvedic toothpaste and AMARdent ayurvedic toothpower.
4	3	Application	1303759	Manufacturers and Merchant	“smiles”	smiles toothpaste.
5	3	Application	1303760	Manufacturers and Merchant	“SNO-DENT”	SNO-DENT toothpaste.
6	3	Application	1303761	Manufacturers and Merchant	“Special Ment”	Special Ment toothpaste
7	3	Application	1303762	Manufacturers and Merchant	“STARdent”	STARdent toothpaste
8	3	Application	1303763	Manufacturers and Merchant	“TITANIC”	TITANIC toothpaste
9	3	Application	1364527	Manufacturers and Merchant	“Nature Works”	Nature Works toothpaste
10.	5	Application	1364528	Manufacturers and Merchant	“Nature Works”	Nature Works toothpaste
10.	3	Application	1339976	Manufacturers and Merchant	“Beldent”	Beldent toothpaste
11.	5	Application	1365515	Manufacturers and Merchant	“Amar Get Up”*	Ointment for backache and joint problems

* “Amar” and “Amar Get Up” brands have been applied for trademark registration under Clause 5 for ayurvedic medicines and the rest of the 9 brands have been applied under Class 3 for toothpaste.

SWOT Analysis

Strengths

- We are a company with good track record in terms of turnover and net profit since 1995.
- We are manufacturing a wide range of toothpastes, twenty different toothpaste under 12 brands for sale to intermediate traders and nine different toothpaste under 3 brands for the domestic market.
- We have never availed any term loan facilities and the existing facilities were set up by own internal accruals.
- We have recently expanded our operations by increasing the capacities from our own internal accruals.
- The factory building for the Expansion Plan already exists and only internal civil changes in building are required. This will reduce the gestation period for our Expansion Project. The Expansion Project is well connected by rail and road and has the requisite facilities to house the necessary infrastructure.
- The ayurvedic products that are to be launched have already been approved by FDA.

- New concept of consultation over toll free phone lines for ayurvedic treatment, which will give, personalized attention to consumers for which we plan to open branch offices in major cities in India. These offices will monitor sales much closely where consumers having queries of our Company's products or diseases related to them can call in and speak to the company's experts who could guide and help them for selecting Company's products.

Weaknesses

- Company is launching 24 products new products and hence the post performance cannot be guaranteed.
- Due to lack of advertising in the past years there is very little recall value of our brands, which has to be created by extensive branding exercise.
- We are entering into high-end ayurvedic medicines for the first time since its inception.
- The Company will have to give extensive knowledge and directions to the consumers on the efficacy of its medicines.
- Existing rural focus of our Company will make it difficult for them to now focus on high-end markets.

Opportunities

- Foreign countries gaining zeal for ayurvedic products. Export market is vast and untapped for ayurvedic medicines in these markets.
- Our continuous focus on R&D will help to further develop more products in the future and improvise upon the existing products.
- Development of various sales and customer service offices in selected cities of India to help boost sales and establish a personalised relation with the consumers.

Threats

- Country specific ban on importing of ayurvedic products.
- Competition from other Indian companies operating in similar segments.

OUR HISTORY AND CERTAIN CORPORATE MATTERS

Incorporation

Amar Remedies Limited is a profit making Company having business of manufacturing and marketing of toothpastes, toothpowders, balm and pain relief ointment.

Our Company was originally incorporated as a private limited company under the provisions of the Companies Act on April 18, 1984 as "Swami Aushadhalaya Private Limited" and subsequently the name of our Company was changed to "Amar Remedies Private Limited" on September 5, 1995 and subsequently to "Amar Remedies Limited" on September 6, 1995.

Main Objects of our Company

Our Main Objects as set forth in our Memorandum of Association are:

1. To acquire as a going concern the business at present carried on in partnership in the firm name and style of Swami Aushadhalaya together with all or any of its assets and liabilities including immovable properties, plants, machinery, office, furniture, patents pursuant to an agreement to be entered into and on take over the firm stand dissolved.
2. To prepare, compound, manufacture, buy, sell, import, exported deal in and with Ayurvedic and Unani drugs, medicines, proprietary articles, druggist sudries, tinctures, chemicals, promades, ointments, Limiment, Lotions, toilet articles, perfumeries, cosmetics, soaps essences, dietary foods, chewing gums, surgical apparatus, physicians and hospital supplies and specialities, dental creams, dental pastes, dental powders, tooth brushes and general health products and all kinds of pharmaceutical, perfumery, toilet and medical preparations and materials and intermediates thereof, plastics, glassware and veterinary products.

Changes in our Memorandum of Association

Date of Amendment	Amendment
August 10, 1987	Increase in the authorized share capital of the Company from Rs. 5,00,000 (5000 Equity Shares of Rs. 100 each) to Rs. 10,00,000 (10,000 Equity Shares of Rs. 100 each)
December 01, 1994	Face value of Equity Share was reduced from Rs. 100/- per Equity Share to Rs. 10/- per Equity Shares
February 20, 1995	Increase in authorized share capital of the Company from Rs. 10,00,000 (10,000 Equity Shares of Rs. 100 each) to Rs. 30,00,000 (30,00,000 Equity Shares of Rs. 10 each)
September 05, 1995	Change in the name of the Company from Swami Aushadhalaya Private Limited to Amar Remedies Private Limited.
September 06, 1995	Change in the name of the Company pursuant to change in the status of the Company from Private Limited to Public Limited
April 28, 2000	Increase in authorized share capital of the Company from Rs. 30,00,000 (30,00,000 Equity Shares of Rs. 10 each) to Rs. 10,00,00,000 (1,00,00,000 Equity Shares of Rs. 10 each)
October 25, 2000	Increase in authorized share capital of the Company from Rs. 10,00,00,000 (1,00,00,000 Equity Shares of Rs. 10 each) to Rs. 12,00,50,000 (1,20,05,000 Equity Shares of Rs. 10 each)
May 10, 2002	Change in other objects clause of the Company enabling the Company to undertake certain activities relating to textile business.
November 03, 2004	Increase in authorized share capital of the Company from Rs. 12,00,50,000 (1,20,05,000 Equity Shares of Rs. 10 each) to Rs. 28,00,00,000 (2,80,00,000 Equity Shares of Rs. 10 each)

The details of capital raised are given in the Section "Capital Structure" on page 16 of the Red Herring Prospectus.

OUR HISTORY

1984-89

The objective to start our Company was to research extensively in ayurveda. We started researching for ayurvedic medicines not available in the markets and for cure of extreme diseases. For the first 5 years, we focused mainly on R&D. In the process, Mr. P Shah set up the first manufacturing facility at Surat. The first breakthrough for our Company was in research of oral care products. During this period, we constantly tried out various methods of manufacturing of oral care range of products. We were successful in launching our first product in the year 1989. The product was toothpowder under the brand name 'AMAR'. It was the first product launched by our Company and therefore a lot of marketing planning was to be done. The product proved its efficacy but could not create volumes in sales as toothpowder over all was a slow market and most of the new generations were opting for toothpaste. At the same time the product was not very price competitive as it was made with the finest herbs and had medicinal value. Therefore the sales could not bring in the desired volumes and our Company started looking out for possibility of developing the same formulation in toothpaste. There were lots of problems in trying to stabilize the formulation of the toothpaste as various herbs had to be put in and at the same time it had to be manufactured without using any ingredients derived from animals.

1989-94

We continued our focused R&D on toothpaste and developed effective ayurvedic vegetarian toothpaste under the brand name 'AMAR'. In those days, toothpaste manufacturers were using gelatine as one of their ingredients because of which the toothpaste was non-vegetarian. Our toothpaste was successful in developing a formulation, which was gelatine free. This was a breakthrough and hence AMAR toothpaste was launched in the markets of Gujarat for the first time in 1991. This was just test marketing, as we were new in selling toothpaste and needed to study consumer behaviour. It took us almost 2 years to study and to conclude targets for launching toothpaste in various areas of India. Therefore after making the necessary changes, we launched extensively in the western markets of India, i.e. Maharashtra, Gujarat and Madhya Pradesh in the year 1994 and set ourselves ambitious sales targets for toothpastes under various brands.

1994-99

In the year 1995 Mr. Sagar P Shah joined our management. He was to focus on marketing, as effective marketing strategy was required to have nation wide presence and build the corporate image parallelly to regular focus on R&D. During the year 1998 we decided to have brand extension and launched AMAR regular and named the earlier toothpaste as 'AMAR Strong'. Making variation in addition of active ingredients made them different from each other. This was done keeping in mind the competition and to give new consumers an option. Doing this we expected more volumes, which were achieved in due course. At the same time we were very successful in our R&D in ayurvedic medicines. We had finalized the formulation for 24 different products, which would cover cosmetics and health care. This gave the company a chance to diversify into ayurvedic medicines, which had started picking momentum in the domestic markets and the foreign markets as alternative treatment.

1999-2004

During this period, we transformed our family run business into a professionally managed company. We also explored the possibility of exporting our toothpastes. The first sale to intermediate trader was made in November 2001. We received encouraging response and therefore decided to set up another factory in Daman. In the year 2001, we finished our final work at our newly made Daman plant and inaugurated in June 2001. The reason for setting another manufacturing unit in Daman was the tax benefits offered by the government, which gave it an edge in marketing. Further, Daman had better infrastructure available at that point of time, in terms of Power supply, water, transportation and labour. In exports it benefited us as Daman is closer to the Port from where most of the shipments were made. This reduced the freight cost for the exporters also. We achieved success in selling to traders in African countries like, Nigeria, Ghana, Sudan, and Tanzania and also in countries like Dubai & Panama and as a result volumes doubled. During this period only, we decided to shift our existing operations of Surat to Daman keeping in view the advantages available in Daman. We increased our capacities in the meantime and started producing more varieties of toothpastes for different segments. We were successful in developing various brands of toothpaste and by the end of this period we were manufacturing more than 29 different brands including its variants. This was very significant as it put the turnover of the company to more than double compared to previous years. The company also got a major exposure of foreign markets and learnt the selling & distribution methods of each market.

During this time, we also manufactured and launched Pain Balm and Get-Up but we got more & more occupied in selling toothpaste which was giving us immediate response and therefore in Daman we could not focus on any other products then toothpaste. All these facilities were set up and expanded from our own internal accruals. Recently, we have expanded our capacities of toothpaste to more than 35% of the current capacity to cater the ever-growing market demand. We had not taken any term loan facilities from any banks or financial institutions during the last 20 years period.

We are now proposing to manufacture different Ayurvedic medicines including Tablets, Ointments, Oils & Drops from our Surat Plant. We have already registered 24 different Ayurvedic medicines with FDA, the details of which are as follows:

Date of FDA Approval	Products
March 27, 1998	Constfree Tablet Diasol Long Life Oil Heartonil Goutonil Eyesol
March 16, 1998	Ear Drops Femina Tablets T32 Singing Tablets Melona
March 21, 1998	Young Man Liquid Skino White Queen Lotion Cream Hair Tonic Herbal Liquid Bath
March 21, 2000	Young Man Cream
June 07, 2000	Skino far Tablets Skinova Turmeric Cream Skinolee
November 18, 2002	Shaktiman Hair Grow Tablets AG 7 medicated toothpaste

Major/ Key Events

Year	Key Events, Milestones and Achievements
1984	Incorporation of our Company with the objective of undertaking extensive research in Ayurveda
1988	Breakthrough in Research of Oral care products
1989	Successfully launched our first product, i.e., toothpowder
1991	Developed its first gelatine free vegetarian toothpaste
1991	Our toothpaste was launched in the markets of Gujarat
1994	Launched our toothpaste in Western markets of India, i.e. Maharashtra & Madhya Pradesh
1998	Launched our more variants of toothpaste
1999	We transformed our family run business into a professionally managed company
2001	Our first sales to intermediate trader with a very encouraging response
2001	Commenced production in Daman plant
2001	Shifted entire production of Surat to Daman due to tax advantages and expanded capacity of toothpaste and started developing various brands for local as well as export markets. Our turnover increased to more than double compared to the previous years.
2002	Quoted as 2 nd best toothpaste in quality in India (Source: Consumer Voice magazine of July – August 2002) and we registered further 2 more ayurvedic medicines
2002	Developed more than 15 different qualities of toothpaste for various markets
2003	Increase in manufacturing capacity by over 185%
2005	Expansion of toothpaste manufacturing capacity from 7,100 tons to 10,300 tons

OUR MANAGEMENT

Board of Directors

Our Company is managed by the Board under the leadership of Mr. Sagar P Shah, our Managing Director. Under our Articles, we cannot have less than three and more than twelve Directors. Presently, we have ten Directors on our Board.

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

Name, Address, Occupation and Term of Office	Age (Years)	Qualifications	Designation	Other Directorships
Mr. P Shah, S/o Mr. Nanalal Jivraj Shah 203, Sukan Co-op Housing Society, Cumballa Hill lane, Kemps Corner, Mumbai 400036 Business Term: Liable to retire by rotation	64	Graduate	Chairman Promoter Group	NIL
Ms. Pratima P Shah, D/o of Mr. Sobhagamal Mehta 203, Sukan Co-op Housing Society, Kemps Corner, Mumbai 400036 Business Term: Liable to retire by rotation	58	Graduate	Non-Executive Director Promoter Group	NIL
Mr. Sagar P Shah, S/o Mr. P. Shah 203, Sukan Co-op Housing Society, Kemps Corner, Mumbai 400036 Business Term: Fixed term of five years	28	Graduate & Diploma in Marketing Management	Managing Director Promoter Group	NIL
Ms. Natasha Shah, D/o of Mr. Ramesh Mundhara 203, Sukan Co-op Housing Society, Kemps Corner, Mumbai 400036 Business Term: Liable to retire by rotation	26	MBA (Marketing & E-Commerce)	Non Executive Director	Pioneer Multiforms Limited
Mr. Rajiv Chitnis, S/o Mr. Mukund Rao Chitnis 503, Balaji Apartments, Kandiwali (West), Mumbai 400067 Self Employed Term: Liable to retire by rotation	42	Graduate	Non Executive Independent Director	NIL
Mr. Lalitchandra Mulchandji Vaidya, S/o Mr. Mulchandji Vaidya 67-Bhailal Wadi, Kosamba, Taluka Mangalore, Dist: Surat, Kosamba- 394120 Self Employed Term: Liable to retire by rotation	51	B. Pharma	Non Executive Independent Director	NIL
Mr. Hemal Shah, S/o Mr. Prafulla Chandra Shah 28/D, Arvind Niwas, Sandhurst Bridge, Chowpatty, Mumbai – 400007. Employment Term: Fixed term of five years	35	Chartered Accountant	Whole Time Director	NIL

Mr. Gaurav Doshi , S/o Mr. Mahendra Doshi 7, Malabar Apartment, Napeansea Road, Mumbai-400006 Business Term of Office: Liable to retire by rotation	27	Graduate	Non Executive Independent Director	Neogem India Limited
Mr. Bhagwansingh Chowdhary , S/o Mr. G. S. Choudhary 9/ 26-B, Khanke Building, R.K. Vaidya Road, Dadar (W), Mumbai-400028 Self Employed Term of Office: Liable to retire by rotation	29	M. Com.	Non Executive Independent Director	NIL
Mr. Dilip Mehta S/o Mr. Sobhagmal Mehta Manju Apts, N.D. Road Napeansea Road Mumbai 400006 Self Employed Term of Office: Liable to retire by rotation	55	Graduate	Non Executive Independent Director	Aadil Gems Private Limited

Brief Profile of our Directors

Mr. P. Shah, Ms. Pratima P Shah & Mr. Sagar P Shah: For a brief profile of Mr. P. Shah, Ms. Pratima P Shah and Mr. Sagar P Shah, please refer to the chapter titled “Our Promoters & Their Background” on page 57 of this Red Herring Prospectus.

Ms. Natasha Shah, aged 26 years is a Non Executive Director. She has done her Masters in Business Administration with major in marketing and electronic commerce from the Mumbai Educational Trust. She has worked with Pioneer Multiform Limited for two years as administration head and was in charge of all the day-to-day activities of Pioneer Multiform Limited with the additional charge of coordination of the sales team. She joined Amar two years back as a Director and has helped our Company get actively involved into exports of its brands in various countries. She is also responsible for the coordination of export orders, i.e. from its inception till the end, to make sure each and every order is executed properly and fruitfully.

Mr. Rajiv Chitnis, aged 42 years is a Non Executive Independent Director. He graduated in Commerce from the Bombay University. For the past several years he is in the field of financial consultancy and is advising several pharma, textiles and chemical companies on financial & corporate affairs. His specialization is liasioning and resource mobilization. He is having around 20 years of experience in finance & administration. He has been associated with our Company since the year 1999 and joined the Board in the year 2001.

Mr. Lalitchandra Mulchandji Vaidya, aged 51 years is a Non Executive Independent Director. He is a Bachelor In Pharmaceuticals from Jamnagar Ayurvedic University. He worked with Shri Swami Saraswati Ayurvedic Cooperative Pharmacy Limited, Surat for 18 years. He is now guiding our Company on R&D, quality improvement on ayurvedic medicines that are being manufactured/ proposed to be manufactured.

Mr. Hemal Shah, aged 35 years is a Whole Time Director. He is chartered accountant by profession. He has got over 10 years of consultancy experience in the field of audit, banking, finance and accounts management. He had joined our Board with effect from May 2nd 2003 as a Director. He is advising our Company on accounts management, taxation and secretarial matters. He is also a member of our Audit Committee.

Mr. Gaurav Doshi, aged 27 years is a Non Executive Independent Director. He graduated in Commerce from the Bombay University. He has experience in marketing & sales for the last 5 years. He guides our Company in developing new market & strategy to grow business. He is the Chairman and Managing Director of Neogem India Limited. He has been associated with our Company since the year 2003.

Mr. Bhagwansingh Choudhury, aged 29 years is a Non Executive Independent Director. He has done his Masters in Commerce. His expertise is in Audit and Taxation and advises our Company on various financial matters. He has been associated with our Company for the last 2 years.

Mr. Dilip S. Mehta, aged 55 years is a Non Executive Independent Director. He is a Bachelor in Commerce from Gujarat University. His expertise is in the field of sales and marketing. He is advising the company on its future strategies of marketing. He has joined our board w.e.f. January 20, 2005.

Compensation to Our Directors

For details of compensation payable to our Managing Director, please refer to the section titled 'Statutory and Other Information' on page 108 of this Red Herring Prospectus.

Shareholding of Directors in our Company

The following table sets forth the shareholding of Directors, as at the date of this Red Herring Prospectus:

Name of the Directors	Number of Equity Shares (Face Value of Rs. 10/-)	% age of Pre-issue Capital
Mr. P. Shah	170	Negligible
Ms. Pratima P Shah	44,37,626	39.75
Mr. Sagar P Shah	67,25,674	60.25
Ms. Natasha Shah	Nil	Nil
Mr. Rajiv Chitnis,	Nil	Nil
Mr. Lalitchandra Mulchandji Vaidya	Nil	Nil
Mr. Hemal Shah	Nil	Nil
Mr. Gaurav Doshi	Nil	Nil
Mr. Bhagwansingh Chowdhary	Nil	Nil
Mr. Dilip S. Mehta	170	Negligible

All the holdings include shares held either individually or in joint names. For details regarding Equity Shares held by our Promoters, please see the section "Capital Structure of our Company" on page 16 of this Red Herring Prospectus.

Terms of Office of Our Directors –

In accordance with the provisions of the Companies Act and our Articles all our directors except the Managing and Whole Time Director are liable to retire by rotation. Mr. Sagar P Shah, our Managing Director was appointed by a special resolution passed in the EGM of our Company held on May 26, 2005 for a term of five years with effect from April 1, 2005.

Mr. Hemal Shah has been appointed as a Whole Time Director of our Company pursuant to the special resolution passed at the EGM held on November 3, 2004 for a period of 5 years.

Changes in our Board of Directors during the last three years

Changes to our Board of Directors since incorporation are as follows:

S No	Name of Directors	Date of Appointment	Date of Cessation	Remarks, if any
1	S.P. Adarkar	February 17, 2000	30.06.2003	Resignation
2	Prafulchandra Bapalal Vaidya	June 01, 2000	31.01.2004	Resignation
3	Hemal P. Shah	May 02, 2003	-	Appointment
4	Gaurav Doshi	May 02, 2003	-	Appointment
5	Bhagwansingh Chaudhary	May 02, 2003	-	Appointment
6	Pratima P Shah	December 30, 2003	-	Appointment
7	Natasha Shah	January 01, 2004	-	Appointment
8	Lalitchandra Mulchandji Vaidya	January 31, 2004	-	Appointment
9.	P. Shah	March 17, 2005	-	Appointment
10.	Dilip Mehta	January 20, 2005	-	Appointment

Corporate Governance

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance shall be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We have complied with such provisions, including with respect to the appointment of independent directors on our Board and constitution of Audit Committee, Investors Grievances and Shares Transfer Committee and Remuneration Committee.

We currently have ten Directors on our Board out of which eight are Non Executive Directors. Out of these 8 non-executive directors, five are independent. We have an Audit Committee since May 2, 2003. We have also constituted an Investor's Grievances and Shares Transfer Committee and Remuneration Committee on October 12, and December 1, 2004 respectively. Below are the details of these committees.

We undertake to adopt the Corporate Governance Code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to listing.

Audit Committee

The terms of reference of Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges. The Audit Committee currently comprises of Mr. Hemal Shah, Mr. Gaurav Doshi and Mr. Bhagwan Singh Chaudhary.

The Audit Committee provides directions to and reviews functions of the audit department. The committee evaluates internal audit policies, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the Statutory Auditors. Quarterly and Annual Accounts are placed before the Audit Committee, prior to being presented to the Board along with the recommendations of the Audit Committee.

For the FY ended June 30, 2005 the four meetings of Audit Committee were held.

Remuneration Committee

The terms of the Remuneration Committee are to decide the remuneration of the Managing Director and Whole Time Directors of our Company and recommend the same to the Board for its implementation. The Committee currently comprises of Mr. Rajiv M. Chitnis, Mr. Gaurav M. Doshi and Mr. Bhagwan Singh Chaudhary.

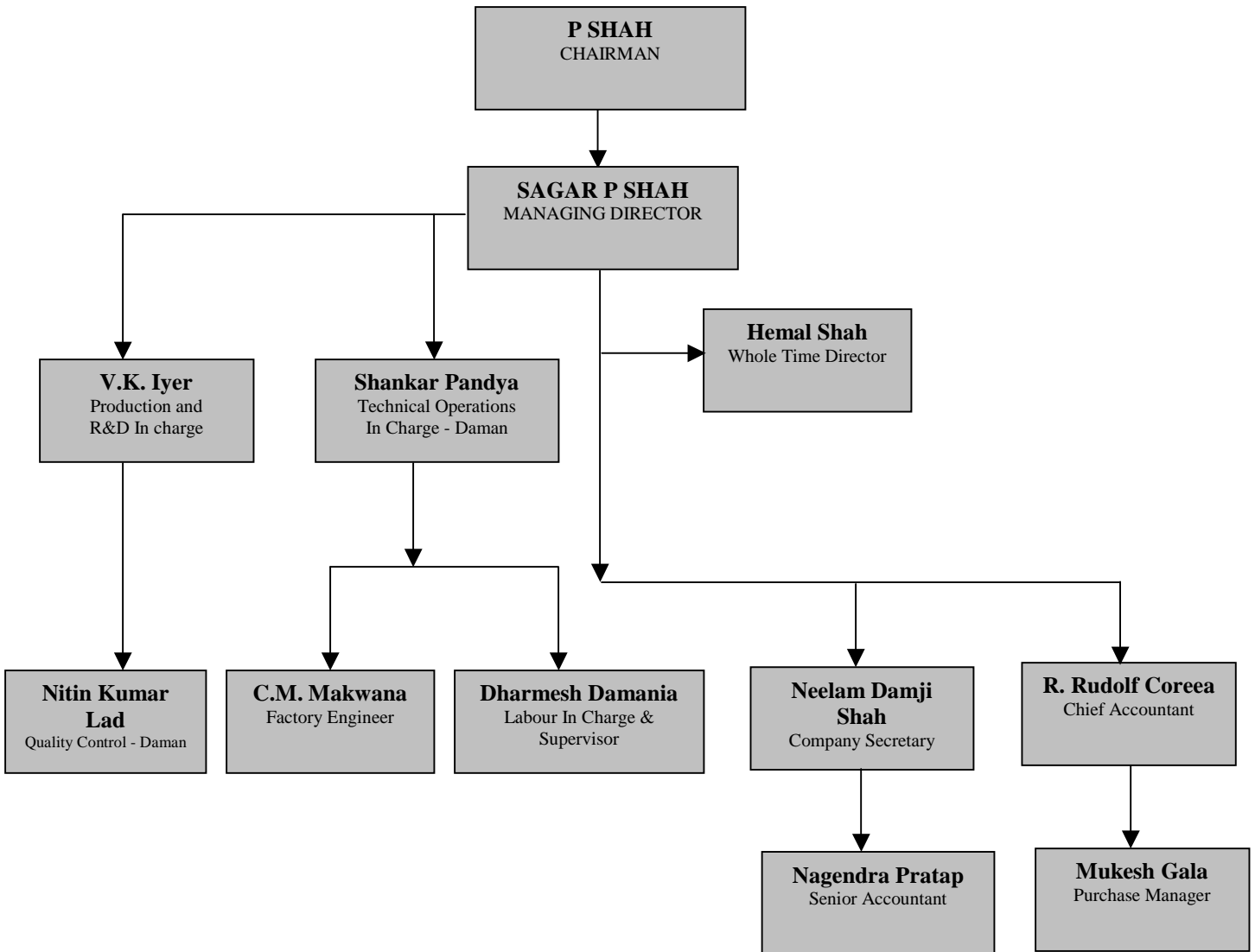
Investors' Grievance and Shares Transfer Committee

The Share Transfer & Investors' Grievance Committee consists of four directors viz. Mr. Rajiv M. Chitnis, Mr. Gaurav M. Doshi Mr. Bhagwan Singh Chaudhary and Mr. Hemal Shah. Mr. Rajiv Chitnis is the Chairman of the Committee. The Committee shall have the power to make decisions relating to redressal of Shareholders' grievances, which includes the duty:

- To dispose off the Shareholders' complaints, within 7 days from the date of receipt, in connection with non-receipt of shares, non-receipt of dividends, non-receipt of Annual Reports and general inquiry about the status of the Shares.
- To communicate to the concerned Stock Exchange and related parties replying to status of the respective complaints.
- Communication to the SEBI explaining satisfactory withdrawal of Shareholders' complaints.
- Any other matter related to Shareholders' grievances / complaints.

Shareholders' Grievance Committee shall meet fortnightly for the redressal of Shareholders' grievances and shall make the minutes of the meeting duly approved by the chairman of the Committee and the same shall be circulated for their noting.

Organization Structure



Key Managerial Personnel

The details of our key managerial personnel are as follows:

Name	Age (Years)	Designation	Year of Joining	Qualifications	Prior Experience	Remuneration for the FY 2004-05 (Rs. p.a.)
Hemal Shah	35	Whole Time Director	2004	Chartered Accountant	Hasmukh Rai & Co.	1,32,000
Shankar Pandya	46	Factory In charge - Daman	1984	M. Pharma	Atmanand Saraswati	2,88,000
V.K. Iyer	38	Production Manager-Daman (Quality Control and R&D)	2001	B. Pharama	Trident Cosmetics	1,80,000
C.M. Makwana	35	Factory Engineer-Daman (Machinery & Equipment)	2003	Mechanical Engineering	Trident Cosmetics	1,68,000
Dharmesh Damania	25	Labour In charge & Supervisor-Daman	2001	Graduate	None	1,20,000
Nitin Kumar Lad	40	Quality Control Incharge Daman	2005	BSC	Royal Antibiotics Private Limited	1,05,000
Rudolf Correa	35	Chief Accountant	2000	Graduate	None	1,56,000
Mukesh Gala	32	Purchase Manager	1997	Graduate	None	1,62,000
Nagendra Pratap	30	Senior Accountant	1998	LLB	None	1,20,000

All the above- mentioned key managerial personnel are permanent employees of our Company.

Shareholding of our Key Managerial Personnel

None of our Key Managerial Personnel hold any Equity Shares in the paid up capital of our Company.

Bonus and/or profit sharing plan for key managerial employees

Currently, we do not have a performance linked bonus or a profit sharing scheme for our employees. The key managerial personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

Changes in our Key Managerial Employees during the last three years

Except as mentioned herein below there has been no change in our key managerial employees during the last three years:

Name of the Key Managerial Personnel	Year of Change	Reasons
Hemal Shah	2004	Appointment
C.M. Makwana	2003	Appointment
Nitinkumar Lad	2005	Appointment

Family relation with Key Managerial Personnel

No family relation exists between the Promoters and Key Managerial Personnel.

OUR PROMOTERS

BACKGROUND

Mr. P Shah, Ms. Pratima P Shah, Ms. Sonal D. Mehta and Mr. Dilip S. Mehta have jointly promoted our Company in the name & style of “Swami Aushadhalaya Private Limited” in 1984. In the year 1995, the name of our Company was changed to Amar Remedies Private Limited and then to Amar Remedies Limited. In the year 1997, Ms. Sonal D. Mehta and Mr. Dillip S. Mehta also resigned from the Board due to personal reasons.

Mr. P Shah aged 64 years, had to travel most of the time to various plantation sites in various states of the country in search of various effective herbs. His preoccupation in research made him irregular at office and factory and hence decided to resign from the Board in 1999. He transferred his entire shareholding to his son Mr. Sagar P Shah in the year 2000 and decided to appoint him as a Director of our Company. He rejoined the Board on March 17, 2005 on the request of the Board.

PRESENT PROMOTERS

Mr. P. Shah, Ms. Pratima P Shah and Mr. Sagar P Shah are the present Promoters.

1.



Mr. P. Shah

Mr. P. Shah aged 64 years is a commerce graduate by qualification. He has studied Ayurveda for over 35 years. Amar Remedies Limited, formerly known as Swami Aushadhalaya Private Limited was incorporated in 1984 under his guidance. The primary aim of the company to research into ayurvedic products was his vision. He was responsible to set up company's first manufacturing facility in Surat in 1985. Under his supervision and guidance, the company had its first breakthrough in research into Oral Care products and as a result the company launched its first product 'Amar toothpowder' in the year 1989. Subsequently he developed an ayurvedic and a vegetarian toothpaste which was launched in 1991. He further developed new variants of toothpaste and also products like ointment for joint pain & backaches and balm. He continued his efforts and as a result researched & developed several other products over the years. The 24-ayurvedic medicines, which the company is planning to manufacture from the proceeds of the issue, were developed due to his dedication over the years. He is yet involved with the research and development of the company with the same dedication.

He had resigned as a director as he wanted to only concentrate on R & D of the company without the obligation of day-to-day activities. On request of the board he has rejoined with effect from March 17, 2005.

2.



Ms. Pratima P Shah

Ms. Pratima P Shah, wife of Mr. P. Shah, aged 58 years is a Promoter-Director of our Company. She has graduated in Commerce. She has been actively involved in administration and co-ordination within the organization, especially between factory and office for the last 10 years. She is also looking after human resources department of our Company.

3.



Mr. Sagar P Shah

Mr. Sagar P Shah, aged 28 years is the Managing Director of our Company. He has graduated in commerce from Mumbai University. After completing his graduation in commerce he completed his Diploma in Marketing. He started his career with Amar Remedies Limited when he was at 20 years of age as Marketing / Sales-in-Charge for toothpastes in the year 1996. Under his leadership in the Sales and Marketing Department the company grew 25% to 35% every year. After a continuous growth in sales, Mr. Sagar Shah was taken in as a Director Sales and Marketing in the year 1997. He has helped our Company in developing unique sales techniques such as insurance policy on a toothpaste pack, various gift schemes for Super-Stockists, marketing strategies for rural areas, etc. In the year 2000, he took over as a Managing Director of our Company to look after all departments so that the growth could be consolidated more strongly by giving him the authority of making necessary changes in every department which would also ensure future growth. He bridges the gap between the R & D and the sales department to ensure the new products serves the requirement of the consumers. He has been responsible in discovering new markets outside India for the company like South America, Africa and Dubai, which gave the company new markets that marked a major turnaround in turnover in the year 2002 – 2003.

	Mr. P. Shah	Ms. Pratima P Shah	Mr. Sagar P Shah
Passport No.	A2308413	A6781660	-
Voter ID No.	Not Available	MT/04/024/144611	Not Available
Driving License No.	241163	Not Available	MH-01- 2001/31108
Permanent Account No.	AHEPS7465C	AMFPS3935B	AHEPS7486F

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of the promoters have been submitted to BSE and NSE at the time of filing this Red Herring Prospectus with them.

Our Promoters have not promoted any other Company / Associate Company / Subsidiary Company / Joint Venture Company in the same or different field.

Companies of the promoter Group/Subsidiaries referred to BIFR/under winding up/ having negative net worth

There are no Group Companies of the Promoter or ventures promoted by the Promoters that are / were referred to BIFR or under winding up.

There are no Group Companies of the Promoter or ventures promoted by the Promoters having a negative net worth. The promoters have not disassociated themselves from any company/firm during the preceeding three years.

As there are no other Companies in the Promoter Group, there are no 'Related Party Transactions' that are required to be disclosed.

SUBSIDIARY AND GROUP COMPANIES

We have not promoted any company. Neither do we have any subsidiary company. Our Promoters have also not promoted any other company. There are no other companies in the group.

RELATED PARTY TRANSACTIONS

The Company does not have any Related Party Transactions as per Accounting Standard 18 issued by the Institute of Chartered Accountants of India for any of the last five financials years, the readjusted accounts of which have been incorporated in this Red Herring Prospectus.

The Statutory Auditors of our Company, M/s Shyam C. Agarwal & Co. has given a certificate dated July 15, 2005 to this effect.

SECTION V– FINANCIAL INFORMATION

AUDITED FINANCIAL STATEMENT

Auditor's Report

To,
The Board of Directors
Amar Remedies Limited
207, Roop Raj Building,
497, S.V.P. Road,
Opera House, Mumbai-400004

Subject: Your upcoming Initial Public Offer of Equity Shares

Dear Sir,

As required by Part II of Schedule II of the Companies Act, 1956 and Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (the 'Guidelines') issued by the Securities and Exchange Board of India (SEBI) in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications and in accordance with the request dated 20/11/2004 received from the Company to carry out the work relating to the Initial Public Issue of Equity Shares of Amar Remedies Ltd., we have examined the financial information contained in the statements annexed to this report which are proposed to be included in the Draft / Final Red Herring Prospectus of Amar Remedies Limited ("the Company") in connection with the proposed Initial Public issue of shares and report thereon as follows :

1. We have examined the 'Statement of Adjusted Profits and Losses' of the Company for each five financial years ended 30th June 2001,2002,2003,2004 and for the year ended 30th June 2005 and the 'Statement of Adjusted Assets and Liabilities' as at those dates enclosed as ANNEXURES I and II respectively and confirm that:
 - a. These Statements reflect the profits and losses and the assets and liabilities of the Company for each of the relevant periods as extracted from the Profit and Loss Account and Balance Sheet for the year ended on 30th June 2001, 2002, audited by M/s M. P. Kala & co., Chartered Accountants and for the year ended 30th June, 2003, 2004 and for the year ended 30th June 2005 audited by us and adopted by the members and adopted by the Board of Directors, after making therein the disclosures and adjustments required to be made in accordance with the provisions of paragraph 6.18.7 of the Guidelines.
 - b. The Significant Accounting Policies adopted by the Company along with notes forming parts of accounts are enclosed as ANNEXURE III.
2. We further certify that the company does not have any Subsidiary under the provisions of the Companies Act 1956.
3. We further certify that there are no related party transactions and therefore no disclosure in this respect has been made by us.
4. We confirm that the Company has not declared any dividend during the last five years.
5. We have examined the following financial information relating to the Company proposed to be included in the Draft / Final Red Herring Prospectus as annexed to this report:
 - (i) Summary of Accounting Ratios based on the adjusted profits relating to Earnings Per Share, Net Asset Value and Return on Net Worth enclosed as Annexure – IV.
 - (ii) Capitalisation Statement as at 30th June 2005 of the Company enclosed as Annexure – V.
 - (iii) Statement of Tax Shelter enclosed as Annexure – VI.
 - (iv) Statement of Sundry Debtors as at 30th June 2005 enclosed as Annexure – VII.
 - (v) Statement of Loans and Advances as at 30th June 2005 enclosed as Annexure – VIII.

We certify that the information disclosed in Statements mentioned in the above para no. 5 have been correctly computed from the figures stated in the Adjusted Profit and Loss Account and Adjusted Assets & Liabilities referred to in paragraph 1 above.

This report is intended solely for your information for inclusion in the Red Herring Prospectus / Final Prospectus in connection with the proposed Initial Public Issue of the Company's shares and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Yours faithfully,

FOR SHYAM C. AGRAWAL & CO.
CHARTERED ACCOUNTANTS

Sd/-

SHYAM AGRAWAL
(PROPRIETOR)

Place: Mumbai

MEMBERSHIP NO. 31774.

Date: July 15, 2005

Annexure I: Statement of Adjusted Profits and Losses
(Rs. In Lakhs)

Particulars	30.06.2005	30.06.2004	30.06.2003	30.06.2002	30.06.2001
Income					
Sales	10678.17	8220.52	7359.84	2717.26	1798.93
Total	10678.17	8220.52	7359.84	2717.26	1798.93
Other Income	4.27	4.90	12.13	0	0.59
	10682.44	8225.42	7371.97	2717.26	1799.52
Expenditure					
Raw Material consumed	8988.20	7032.33	6397.42	2309.97	1517.06
Staff Costs	94.94	91.51	74.34	36.06	28.82
Other Manufacturing expenses	273.31	240.87	202.63	42.23	33.60
Administration Expenses	152.12	130.23	93.52	24.46	38.57
Selling and Distribution Expenses	174.76	182.88	151.18	57.07	48.93
Interest	200.98	101.60	82.68	39.89	20.14
	9884.31	7779.42	7001.77	2509.68	1687.12
Net Profit before Depreciation, tax and Extraordinary items	798.13	446.00	370.20	207.58	112.40
Depreciation	64.51	63.80	62.88	54.10	38.54
Net Profit before Tax & Extraordinary items	733.62	382.20	307.32	153.48	73.86
Taxation	55.00	30.00	23.00	1.50	1.23
Deferred Tax Liability	2.87	2.99	1.38	0	0
Net Profit before Extra Ordinary items	675.75	349.21	282.94	151.98	72.63
Extra Ordinary items (net of tax)	11.89	13.21	14.68	16.31	18.54
Net Profit after Extraordinary Items	687.64	362.42	297.62	168.29	91.17

Annexure II: Statement of Adjusted Assets and Liabilities
(Rs.in Lakhs)

Particulars	30.06.2005	30.06.2004	30.06.2003	30.06.2002	30.06.2001
A Fixed Assets:					
Gross Block	982.89	910.60	870.58	792.49	770.66
Less Depreciation	378.65	314.13	250.32	187.44	133.35
Net Block	604.24	596.47	620.26	605.05	637.31
Less: Revaluation Reserve	165.41	177.30	190.51	205.19	221.49
Net Block after adjustment for Revaluation Reserve	438.83	419.17	429.75	399.86	415.82
B Current Assets, Loans and Advances					
Inventories	1877.02	1103.63	807.05	611.83	285.79
Sundry Debtors	1824.34	1927.16	1015.75	739.20	357.99
Cash and Bank Balances	4.45	3.22	1.51	5.50	6.86
Loans & Advances	30.33	67.18	100.44	46.78	21.97
F.D.R. with UTI Bank	5.00	0	0	0	0
	3741.14	3101.19	1924.75	1403.31	672.61
C Liabilities and Provisions:					
Secured Loans	1509.74	1297.88	798.91	546.85	238.19
Unsecured Loans	0	0	0	0	0
Current Liabilities & Provisions	157.10	403.19	255.04	385.54	153.52
Deferred Tax Liability	9.98	7.11	4.12	0	0
	1676.82	1708.18	1058.07	932.39	391.71
D Net Worth	2503.15	1812.18	1296.43	870.78	696.72
Represented By					
1. Share Capital	1116.42	1116.42	1016.42	476.65	476.65
2. Share Application Money	--	--	--	81.11	81.11
Add: Reserves and Surplus	1520.98	845.23	496.02	549.48	397.50
Less: Revaluation Reserve	165.41	177.30	190.51	205.19	221.49
Reserves (Net of Revaluation Reserves)	1355.57	667.93	305.51	344.29	176.01
Add: Share Premium	50.00	50.00	--	--	--
TOTAL	2521.99	1834.35	1321.93	902.05	733.77
Less: Miscellaneous Expenditure	18.84	22.17	25.50	31.27	37.05
Net Worth	2503.15	1812.18	1296.43	870.78	696.72

Annexure III: Significant Accounting Policies and Notes to Accounts

1. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS:

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles as adopted consistently by the Company and the provisions of the Companies Act 1956.

2. REVENUE RECOGNITION:

Items of Income and Expenditure are recognized on accrual basis except duty draw back and insurance claims, which are being accounted for on cash basis, as it is not possible to ascertain the exact amount with reasonable accuracy.

3. FIXED ASSETS:

Fixed Assets are recorded at cost of acquisition or construction less CENVAT credit avail. Revalued assets are recorded at revalued amounts.

4. CAPITAL WORK IN PROGRESS:

Advance paid towards acquisition of fixed assets which have not been installed or put to use, and the cost of assets not put to use, before the year end are disclosed under Capital Work in Progress

5. DEPRECIATION:

Depreciation on fixed assets is provided using the straight line method and as per rate provided in the XIV schedule of the Companies Act, 1956, based on the useful life as estimated by the management. Depreciation is charged on a pro-rata basis for assets purchased/sold during the year.

6. INVENTORIES:

Raw material/Packing material: At cost net off CENVAT computed on first in first out method.

Finished Goods & Work In Process: At cost including material cost net of CENVAT, Labour cost and all overheads other than selling and distribution overheads for work in process and the same or realizable value, which ever is lower in case of finished goods.

7. BASIS OF ACCOUNTING:

The Company generally follows mercantile system of accounting and all income and expenditure items having a material bearing on the financial statements are recognized on accrual basis.

8. PRILIMINARY EXPENSES: Preliminary expenses are amortized in ten equal yearly installments.

9. INVESTMENTS:

Nil

10. SALES:

Sales, other than exports sales, are inclusive of Excise Duty and shown net of returns and discounts.

Annexure IV: Summary of Accounting Ratios

Particulars	30.06.2005	30.06.2004	30.06.2003	30.06.2002	30.06.2001
Basic Earning per Shares (EPS) Rs.	6.16	3.25	2.93	3.53	1.91
Cash Earning per Shares (Rs.)	6.63	3.70	3.40	4.32	2.33
Net Asset Value per Share (Rs.)	22.42	16.23	12.75	18.27	14.62
Return on net worth (%)	27.47	20.00	22.96	21.31	14.81
No. of Equity shares of Rs.10 each	11164150	11164150	10164150	4766500	4766500

Annexure V: Capitalization Statement

(Rs. in Lakhs)	
Particulars	As at June 30 th 2005
Short Term Debt	1491.51
Long Term Debt	0.00
Share Holders Fund	
Share Capital	1116.42
Reserves and Surplus	1405.58
Total Shareholders Fund	2522.00
Long Term Debt/ Equity	0.00

Annexure VI: Statement of Tax Shelter

(Rs. In Lakhs)

Particulars	31.03. 2005	31.03.04	31.03.03	31.03.02	31.03.01
Tax Rate (Including Surcharges)	36.59%	35.87%	36.75%	35.70%	39.55%
Net Profit Before Tax	433.45	387.03	317.46	177.03	95.18
Tax at National Rate (A)	158.61	138.84	116.67	63.20	37.64
Adjustments:					
Tax Free Zone u/s 80 I B	158.01	139.51	112.47	175.59	84.03
Earlier Year Losses	Nil	Nil	Nil	Nil	Nil
Difference between					
Tax Depreciation and Block Depreciation	0.60	(0.66)	4.20	1.44	11.15
Net Adjustments	431.80	388.87	317.46	177.03	95.18
Tax Savings on Net Adjustments (B)	158.01	138.84	116.67	63.20	37.64
Total Taxation (A-B)	Nil	Nil	Nil	Nil	Nil
Tax on 115JB- Minimum Alternative					
Tax of the Income Tax Act, 1961	34.00	29.75	10.64	1.02	Nil

Annexure VII: Statement of Sundry Debtors as at June 30, 2005*(Rs. In Lakhs)*

Financial Year	More than six months	Less than six months	Total
FY 2001	15.62	342.37	357.99
FY 2002	38.44	700.76	739.20
FY 2003	0.00	1015.75	1015.75
FY 2004	0.00	1927.16	1927.16
FY 2005	0.00	1824.34	1824.34

*None of the Debtors are receivable from Promoters and Directors***Annexure VIII: Statement of Loans and Advances as at June 30, 2005***(Rs. in Lakhs)*

ADVANCES FOR	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Employee Advances	Nil	Nil	1.22	0.71	Nil
Other Advances	21.97	46.78	99.22	66.47	30.33
TOTAL	21.97	46.78	100.44	67.18	30.33

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited financial statements for last five financial years and for the year ended June 30, 2005 prepared in accordance with Indian GAAP including the notes thereto and the reports thereon, which appear elsewhere in this Red Herring Prospectus.

These data have been reclassified in certain respects for the purposes of presentation. Our financial year-ends on June 30 of each year, so all references to a particular financial year are to the twelve-month period ended June 30th of that year.

Overview

We were incorporated on April 18, 1984 with the objective of undertaking extensive research in ayurveda. During the first five years of our operations we focused extensively on R&D in oral care products and ayurvedic medicines. In the year 1988, we made our first breakthrough in oral care products with the development of an ayurvedic toothpowder, which was commercially launched in the year 1989. We continued our focus on R&D, as a result of which in the year 1991, we developed and launched ayurvedic vegetarian toothpaste. As a continuous effort of our R&D department, we were also able to diversify into development of ayurvedic medicines. During the period between 1991 and 1998, we have researched and developed 16 ayurvedic medicines, which were approved by the FDA in the year 1998 for manufacture and sale. Further we developed more ayurvedic medicines, which were approved by FDA from time to time. By 2002 we had a total of 24 ayurvedic medicines approved by FDA. In the year 2001, we developed two varieties of ointments, which were launched to a limited extent soon thereafter. We also kept on increasing our manufacturing capacity for toothpaste from time to time. Our Amar toothpaste ranked 2nd best in quality among 14 various leading brands in India, which was published in Consumer Voice magazine volume 3, issue 4, period July – August 2002. Our main objective to do extensive research for developing new products and improvising upon our existing product range in the field of ayurveda continues to guide us.

Having successfully developed oral care products and ayurvedic medicines as aforesaid, an effective strategy was required for overall corporate image building and to undertake a strategy for marketing to have nation wide presence of our products. Immediately after Mr. Sagar P Shah joined our management, he focused on these two strategic areas. During this period, we also transformed our family run business into a professionally managed company.

In the year 1985, we set up our first manufacturing facility at Surat for the manufacture of toothpowder, toothpaste and other ayurvedic medicines. However, with the need to expand our manufacturing capacities to cater to the growing demand of our products in the domestic and foreign markets coupled with tax incentives available to us in Daman, we decided to shift our entire operations from Surat to Daman in the year 2001. We had undertaken expansion of our manufacturing capacity by over 250% and 150% in the FY 2003 and FY 2004 respectively. Both these manufacturing facilities were setup by our Company entirely through internal accruals and equity contribution by the Promoters.

We manufacture more than 25 variants of toothpaste and we have seen manifold increase in our revenues from toothpaste during last couple of years. The customer base for our products is well diversified into domestic and foreign markets. We cater to the demand of our products in the foreign markets such as Ghana, Dubai, Sudan, Panama, Venezuela, Ivory Coast, Benin, Zaire, Saudi Arabia and Kuwait through Intermediate Traders. However, from this financial year we have also started exporting toothpaste directly to Dubai. Presently, we also manufacture pain ointments and propose to focus more on ayurvedic medicine segment under our Expansion Project.

Income

(Rs. in Lakhs)

Particulars	FY 2004-05	FY 2003-04	FY 2002-03	FY 2001-02	FY 2000-01
Sale	10678.17	8,220.52	7,359.84	2,717.26	1,798.93
Other Income	4.27	4.90	12.13	Nil	0.59
TOTAL	10682.44	8,225.42	7,371.97	2,717.26	1,799.52

Revenue from sale of our products:

We derive our revenues from sale of oral care products and ointments. We sell more than 25 variants of toothpaste, which constitutes a major source of our revenue. We have achieved handsome growth of over 300% in our revenues during the last three years. During FY 2001 we started selling our products into foreign markets through Intermediate Traders, which gave us a growth in our turnover of toothpaste.

Other Income:

The only source of our other income is from sale of scrap which is negligible.

Expenditure*(Rs. in Lakhs)*

Particulars	FY 2004-05	FY 2003-04	FY 2002-03	FY 2001-02	FY 2000-01
Raw Material consumed	8988.20	7,032.33	6,397.42	2,309.97	1,517.06
Staff Cost	94.94	91.51	74.34	36.06	28.82
Other Manufacturing expenses	273.31	240.87	202.63	42.23	33.60
Administration Expenses	152.12	130.23	93.52	24.46	38.57
Selling and Distribution Expenses	174.76	182.88	151.18	57.07	48.93
Interest	200.98	101.60	82.68	39.89	20.14
TOTAL	9884.31	7,779.42	7,001.77	2,509.68	1,687.12

Our major cost head are raw materials and administrative & other costs.

Direct Cost

Over 90% of our total expenditure is direct cost on inputs. We have kept the direct cost on inputs under control over the years and it has remained about 85% of the total turnover. Our cost on inputs also includes cost incurred on raw materials consumed for trial batches and herbs bought from different parts of the country to test their effectiveness which are finally required for the R&D of new products and improvising upon quality of our existing product range.

Administrative, Employees and other costs

Our administrative, employees and other costs include cost of selling & distribution expenses and financial charges. Our administrative, selling & distribution expenses and other expenses consist primarily of expenditure on sales promotion, which include consumer schemes, advertisement, and other miscellaneous expenses.

Revenue and Cost Analysis*(Rs. in Lakhs)*

Particulars	FY 2004-05		FY 2003-04		FY 2002-03	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Toothpaste						
Domestic	8484.12	79.45%	6,925.00	84.19%	6,260.00	84.92%
Exports	507.00	4.75%	NIL	NIL	NIL	NIL
Get Up	1436.41	13.45%	1,112.20	13.53%	934.84	12.70%
Balm	159.84	1.50%	91.80	1.12%	83.80	1.14%
Tooth Powder	90.80	0.85%	91.52	1.11%	81.20	1.10%
Total Revenue	10678.17	100%	8220.52	100.00%	7,359.84	100.00%
Raw Material Consumption	8988.20	84.17%	7,032.33	85.50%	6,397.42	86.78%
Other Manufacturing Cost	273.31	2.56%	240.87	2.93%	202.63	2.75%
Employees Remunerations	78.26	0.73%	75.68	0.92%	63.93	0.87%
Administrative and other Cost	168.80	1.58%	146.06	1.78%	103.93	1.41%
Depreciation	64.51	0.60%	63.80	0.78%	62.88	0.85%
Finance Charges	200.98	1.88%	101.60	1.24%	82.68	1.12%
Selling and Distribution Cost	174.76	1.64%	182.88	2.22%	151.18	2.05%
Total Expenditure	9948.82		7,843.22		7,064.65	

Sale of toothpaste constitutes a major proportion of our revenues. We have achieved consistent growth in our revenues. Despite our enhanced turnover, we have kept the indirect costs under control over the years, which comes out to be around 10% of the total expenditure of the respective years. Due to our continued focus on marketing strategy, we have increased our selling and distribution cost by over 200% in last three years, which was complemented, with a corresponding increase of over 300% in our turnover over the last few years. Our interest liability is limited, as we have never availed of any term loan facility except for working capital facility.

Comparison of Financial year 2005 with 2004

- a. We initiated direct exports to selected buyers in Dubai and achieved export sales of Rs.507 lakhs
- b. We have achieved a growth in sales by 29.89%;
- c. Expansion of manufacturing capacity of toothpaste by 45% and of pain balm by over 11%;
- d. Achieved total revenues of Rs. 10682.44 Lakhs and profit before tax of Rs. 798.13 Lakhs.

Comparison of Financial Year 2004 with 2003

Some of the key developments during FY 2004 were:

- a. Achieved total revenues of Rs. 8225.42 Lakhs and profit before tax of Rs. 395.41 Lakhs;
- b. Expansion of manufacturing capacity of ointments during the year by over 20%;

We introduced further 11 variants of toothpaste for the foreign market. Despite recessionary period in the oral care business, the Company maintained its track record of growth in turnover and profits. The Company undertook product improvement measures during the year, which further strengthened its position in the oral care business.

Comparison of Financial Year 2003 with 2002

Some of the key developments during FY 2003 were:

- a. Over 250 % increase in our total turnover;
- b. Developed and started commercial production of more than fifteen new variants of toothpaste;
- c. Expansion of toothpaste manufacturing capacity during the year by over 180%.

The operational results of the Company were excellent for the year, which is also reflected in the growth in turnover volume of the Company. We also recorded over 75% growth in net profits. The growth in turnover and profits was as a result of introduction of new variants of oral care products into the existing markets and also started selling to new markets such as Venezuela, Panama, Ghana, Nigeria and Sudan. This gave an increase to our volumes due to which we had to increase our production capacity. We also developed more than 15 variants of toothpaste, which were developed according to the requirement of the above-mentioned markets and received good response.

Quarterly Variations in Our Results of Operations

After listing of our Equity Shares, we will be required to report our results of operation on a quarterly basis to the Stock Exchanges. Our results of operation may vary from quarter to quarter based on a number of factors including but not limited to general economic and market conditions and financial year conditions.

Liquidity and Capital Resources

Liquidity

Our primary liquidity needs have been to finance our capital expenditures and working capital requirements. To fund these requirements, we have relied on cash flows from operation, internal accruals and working capital facilities by banks.

Indebtedness

We have not taken any term loan from any bank / institution. However, currently we are availing working capital facilities from UTI Bank, Fort, Mumbai. The main details of the facilities as on June 30, 2005 are as under:

Name of Lender	Nature of Facility	Limit Sanctioned	Limit Utilized	Terms of Sanction	Security Offered
UTI Bank Limited	Cash Credit	500	492	10.00% per annum on a monthly basis.	1. Hypothecation of stock, book debts and plant & machinery. 2. In addition, collateral securities of Ist charge on factory land and building at Daman & Surat.
	WCDL (In Foreign Currency)	1,000	1,000	6 months libor plus 400 bps	3. Ist charge on a residential flat at Surat standing in the name of Ms. Pratima P Shah, one of the Promoters of the Company. 4. Personal guarantee of Mr. Sagar P Shah, and Ms. Pratima P Shah.

Auto Loan

We have taken auto loans from ICICI Bank and from HDFC Bank. The total amount outstanding as on June 30, 2005 was Rs.6.95 lakhs and Rs.11.29 lakhs respectively.

Historical and Planned Capital Expenditure

In financial year 2003, additions to fixed assets, other than capital work in progress, amounted to Rs. 78.08 Lakhs, which was primarily for purchasing plant and machinery.

In financial year 2004, additions to fixed assets, other than capital work in progress, amounted to Rs. 40.03 Lakhs, which was primarily for purchasing plant and machinery and vehicles.

In financial year 2005, additions to fixed assets, other than capital work in progress, amounted to Rs. 72.29 lakhs, which was primarily for purchasing plant and machinery and vehicles.

We plan our capital expenditure depending on our cash flow from operation and market conditions.

Our capital expenditure plan for the near future will be as disclosed in section titled 'Objects of the Issue' at page 21 of this Red Herring Prospectus.

Principal Sources of Liquidity

As on June 30, 2005 our cash and bank balances amounted to Rs. 4.45 Lakhs. We believe that our anticipated internal accruals along with the proceeds of this Issue will be sufficient to meet our requirement of funds for the Expansion Plan and general corporate purposes. Our anticipated cash flows from operations however depend on a number of factors beyond our control, such as prevailing general economic conditions cost of our inputs, competition that we may face etc. Therefore, we may be required to incur additional indebtedness.

Transactions with Related Parties

We have no transactions with any of the related parties and our Statutory Auditor has given a certificate to this effect.

Loans Outstanding to Directors and Key Managerial Personnel

As on June 30, 2005 we had no loans outstanding to our Directors or any of the key managerial personnel.

Quantitative and Qualitative Disclosures about Market Risk

Our exposure to market risk is a function of our production and selling activities. We are exposed to market risk from changes in both foreign exchange rates and interest rates, though insignificant in nature.

Exchange Rate Risk

Appreciation or depreciation of the Indian rupee relative to the currency of our payable can increase or decrease our payment obligations, though insignificant in nature.

Interest Rate Risk

Our interest rate risk results from changes in interest rates, which may affect our financial expenses. We bear interest rate risk with respect to our indebtedness as our total working capital facility with UTI Bank Ltd. to the extent of Rs. 1492 Lakhs and Auto Loan from ICICI Bank to the extent of Rs. 6.95 lakhs and Auto Loan from HDFC to the extent of Rs.11.29 lakhs bear rate of interest which are linked to prime lending rate and any change therein will affect our interest payment obligations.

Effect of Inflation

We set the price of our inventory based on various factors, including inflation. Inflation has not had any significant effect on the result of our operations till date. We do not reasonably expect that inflation rates in India will have a significant impact on our results of operations for the future.

Taxation / Deferred Tax

We include the tax expense for the year, comprising current tax and deferred tax, to determine the net profit/(loss) for such year. We make provision for the current tax based on tax liability computed in accordance with relevant tax rates and tax laws.

Our Daman plant is entitled for tax exemption under Section 80I B of the IT Act. We changed our accounting policy for taxes on income in FY 2003, to comply with the provisions of new accounting standard relating to accounting for taxes on income, issued by the Institute of Chartered Accountants of India and as applicable to us. We make provision for deferred tax for all timing differences arising between taxable income and accounting income at currently enacted tax rates. As prescribed in the Accounting Standard AS-22, deferred tax is provided in the books with effect from July 2002. Deferred tax liability as on June 30, 2004 and June 30, 2005 was Rs. 7.11 Lakhs and Rs. 9.98 lakhs respectively.

Significant Developments after June 30, 2005 that may affect our future Results of Operation

In this Red Herring Prospectus, to our knowledge, no circumstances have arisen since the date of the last financial statement until the date of filing of the Red Herring Prospectus with SEBI, which materially and adversely has affected or is likely to affect the trading or profitability of our Company, or value of its assets, or its ability to pay its liability within next twelve months.

There is no subsequent development after the date of the Auditor's Report, which will have a material impact on reserves, profits, earnings per share and book value of shares of our Company.

Future co-relation of costs and income

We have successfully developed twenty-four ayurvedic medicines and we continue to improvise on the developed medicines and our operations resulting in synergies in our operating results.

There are no known factors, which will affect the future co-relation of costs and income, or which will have material impact on the operations and finances of our Company.

Intellectual Property / Patent

The regulatory regime in India governing patents has recently changed, and the product patent regime has come into place from January 1, 2005 onwards. While this would enable the Issuer to secure its intellectual property rights of its products and thus take advantage of the new regime, it would also be a challenge to operate in the new regime, particularly in the competitive atmosphere where our Company is continuing business. We intend to apply for process patent for our proposed 24 ayurvedic products in the near future.

We have not made any application for acquiring patent for manufacturing process of our existing products, including toothpaste that accounts for 85% of our total turnover. The process of manufacturing vegetarian toothpaste is not technology driven. The quality and effectiveness of products is more dependent upon the composition of certain ingredients, thus making it different from other toothpaste. We are not manufacturing vegetarian toothpaste by a particular procedure / process / method of manufacturing but by addition / subtraction of certain ingredients. Therefore, to manufacture vegetarian toothpaste for our company, we do not follow any specific procedure / process / method, but maintain the ingredient composition of our vegetarian toothpaste.

Further, since toothpaste is classified as an FMCG product and there are several large, medium and small players in existence with their own formulations and manufacturing processes and each of such players are trying to establish their own brand, there is not much threat to our company with reference to the policy of not acquiring patent for our toothpaste. We are present in this market for past 14 years with an established brand name “AMAR Toothpaste”, attaining second best position in India for quality in the year 2002 (Source: Consumer Voice, Volume 3 Issue 4 July-August 2002).

We, at present, manufacture 15 different brands of toothpaste that has 14 variants, constituting 29 different toothpastes. We have made an application for TM registration of 9 brands of toothpaste. Once we begin our expansion project, all our 24 proposed products will be marketed under the umbrella brand name “AMAR”, for which we have already made a separate application under class 5.

Seasonality of Business

Business of our Company is not seasonal. However, there may be significant variation in our quarterly revenues and profits because of general economic conditions.

Unusual or infrequent events or transactions

There have been no events, to the best of our knowledge, other than as described in this Red Herring Prospectus, which may be called “unusual” or “infrequent”.

Significant Economic and Regulatory Changes

There have been no significant changes in the law governing the industry in which we operate in the recent past. The regulations governing our industry are described in the section titled “Regulation & Policies” of this Red Herring Prospectus.

Known Trends or Uncertainties

Other than as described in this Red Herring Prospectus, to our knowledge, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenue or income of our Company from continuing operations.

New Products or Business Segments

Other than as described in the section titled “Objects of the Issue” and “Our Business” of this Red Herring Prospectus, we do not intend to produce or market any other products.

Dependence on single or few suppliers /customers

We source our raw materials from number of suppliers and are not under any threat from excessive dependence from any single supplier. As we have a diversified customer base, we do not reasonably foresee any risk associated with dependence on any single customer. In regards to our client base for our various products, we sell through 13 Super-Stockists for domestic sales, 14 intermediate traders and 8 foreign buyers who are responsible for the total turnover. As there are many such players in existence in the market, there is less dependence on any single player.

Concentration of sales amongst select group / category of customers, geographical areas and select product

Our sales are not concentrated in any select group or category of customers in domestic as well as with intermediate traders. Approximately, fifty per cent of our domestic turnover is more concentrated towards Western region while about 30% is from Northern Region and 20% is from Eastern region. Our toothpaste accounts for about 85% of the turnover of our company.

SECTION VI- LEGAL AND REGULATORY INFORMATION

REGULATIONS AND POLICIES

The Government of India has over the years formulated various regulations and policies for the development of this industry in India.

Foreign Investment Regulations

Foreign Direct Investment into India is governed by the Foreign Exchange Management Act, 1999. The Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, India on an ongoing basis notifies the Foreign Direct Investment Policy and Procedures, which provides for the policies with regard to investment in various industries and sectors.

The Company is approved as a small-scale industry. As per the Foreign Direct Investment Policy, a small scale unit can not have more than 24% in its paid up capital from any industrial undertaking, either foreign or domestic. If the equity from another company (including foreign equity) exceeds 24%, even if the investment in plant and machinery does not exceed Rupees 10 million, the unit loses its small-scale status.

Legal Aspects Relating to the Manufacture of Ayurvedic Medicines

In India, the Drugs and Cosmetics Act, 1940 and the Drugs and Cosmetics Rules, 1945 govern traditional medicines. They regulate the import, manufacture, distribution and sale of drugs and cosmetics. In 1959, Government of India recognized the traditional Indian systems of medicine and amended the Drugs and Cosmetics Act to include drugs derived from traditional Indian medicine. No products derived from traditional systems may be manufactured without a license from the State Drug Control Authorities.

Patents and proprietary medicines derived from the traditional systems must contain ingredients, which are mentioned in the recognized books of the above systems, as specified in the Drugs and Cosmetics Act. A special committee and an advisory board for ayurvedic, siddha and unani drugs advise the Government. Pharmacopoeia committees have been constituted to prepare pharmacopoeias for all these systems. In 1993, an expert committee appointed by the Government of India developed guidelines for the safety and efficacy of herbal medicines, which were intended to be incorporated into the Drugs and Cosmetics Act and Rules. No herbal medicines other than those authorized by the licensing authorities will be allowed to be manufactured or marketed, except for those mentioned in and manufactured in compliance with the formulae given in the authoritative books. A manufacturer of a new herbal medicine must include safety data and appropriate efficacy data in the marketing authorization application.

Good Manufacturing Practices

All ayurveda and siddha manufacturing units are governed by the provisions of the Good Manufacturing Practices notified by the Department of India systems of Medicine & Homeopathy, under the Ministry of Health and Family welfare in 2000. These Good Manufacturing Practices were prescribed to ensure quality and standards.

Other Regulatory Laws

The **Drug and Magic Remedies (Objectionable Advertisement) Act, 1954** which prohibits a person from advertisements suggesting the use of drugs for miscarriage in women or prevention of conception, improvement of sexual ecstasy, treatment or prevention of venereal disease, correction of menstrual disorder, etc. That is, giving a false impression about a drug directly or indirectly is prohibited by the Act.

The **Narcotic Drug & Psychotropic Substances Act** controls operations relating to narcotic drugs like coca, opium, cannabis, and psychotropic materials.

The Provisions of the **Poisons Act** restrict the use of poisons. The poisonous substances covered by the Act are classified into two categories. These include aconite, arsenic, morphine, heroin, essential oil of almonds, oxalic acid, poppies, chloroform, zinc chloride, etc.

GOVERNMENT APPROVALS

We have received necessary consents, licenses, permissions and approvals from Government and State agencies / private certification bodies required to undertake this Issue and our current business activities. Subject to disclosures made hereunder in this chapter, no further material approvals are required from any State agency to undertake or continue such activities.

We have received the following Government approvals that are material to our business:

General Approvals

- Fresh Certificate of Incorporation No. 11-32687 dated September 5th 1995 and Certificate No. 11-32687 for change of name issued on September 6th 1995 issued by the Additional Registrar of Companies, Maharashtra.
- Certificate of Importer-Exporter Code (IEC 0302003479) dated April 11th 2002 issued by Foreign Trade Development Officer, Office of Joint Director General of Foreign Trade, Ministry of Commerce, GoI
- Registration as 'Small Scale Manufacturer Exporter' bearing registration no. CHEM/A-94/2002-03/15773 dated September 23rd 2002 issued by Basic Chemicals, Pharmaceuticals & Cosmetics Promotion Council
- Allotment of Code Number MH/BAN/46995 under provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 by Regional Provident Fund Commissioner, Maharashtra vide letter number MH/BAN/46995/Zone II/OZD/1161/1287 dated March 16th 2004
- Certificate of Registration No. PT/RPT/1/1/24/9902 dated September 3rd 1985 under sub-section (1) of section 5 of the Maharashtra State Tax on Professionals, Trades, Callings and Employments Act, 1975
- Certificate of Registration No. 400004S10029 dated April 1st 1996 under Section 22 & 22A of the Bombay Sales Tax Act, 1959.

Approvals / Licenses for existing facilities at Daman

- License No. DD/AY/155 dated May 28th 2004 for manufacture for sale of ayurvedic / siddha or unani drugs. Licence is valid until December 31st 2005 issued by Drugs Licencing Authority, Director, Medical and Health services, UT of Daman & Diu.
- License No. DD/C/340 dated September 1st 2004 for cosmetic products proposed to be manufactured. Licence is valid until December 19th 2007 issued by Drugs Licencing Authority, Director, Medical and Health services, UT of Daman & Diu.
- License No. 991 and Registration No. 991 dated February 29th 1996 issued under the Factories Act, 1948 by the Chief Inspector of Factories & Boilers, Administration of UT of Daman & Diu. This License is issued for one year and is required to be renewed every year. The present license is valid up to December 31st 2005.
- Central Excise Registration Certificate bearing Registration no. AAACA3774GXM002 dated June 8th 2003 issued by the Assistant Commissioner of Central Excise, South Division-Daman under the Central Excise Act, 1944. This registration is valid until cancelled.
- Certificate of Registration as a 'dealer', under the Goa, Daman and Diu Sales Tax Act, 1964 having only one place of business in the U T of Daman and Diu bearing Registration No. DA 5268. This registration is valid until cancelled.
- Certificate of Registration as a 'dealer', under Central Sales Tax Act, 1956 having principal place of business within U T of Daman and Diu bearing Registration No. DA/CST/4751 dated March 30th 1998. This registration is valid until cancelled.
- Consent Order No. WP/DCF/DMN/Renewal dated July 4th 2003 issued by Pollution Control Board under the Water (Prevention and Control of Pollution) Amendment Act, 1988 was valid up to December 31st 2003. We had applied to the Pollution Control Committee for renewal of the consent on December 12th 2003 and had paid renewal fees. However, we have not received consent of the Pollution Control Committee as yet. Further, for the calendar year 2005, we have applied to the committee on December 24th, 2004 and have paid required renewal fees

- Neutral Code for Export no. DD/COS/DD/C/340 dated January 1st 2003 issued by the Drugs Licensing Authority, Director, Medical & Health Services, UT of Daman & Diu.
- Sanction letter No. ED/EE/T-12/671 dated March 1st 2004 issued by the Executive Engineer, Electricity Department approving additional load of 30 HP of electricity to increase the existing load from 50 HP to 80 HP.
- Certificate of Registration Number 600101252 dated January 11th 1999 certifying us a Small Scale Industry Unit issued by General Manager (Director of Industries), U T of Daman & Diu. This registration is permanent.
- Receipt of property taxes paid for FY 2003-04 to Kacchaigam Gram Panchyat vide their receipt no. 003203 dated January 30th 2004.

Approvals / Licenses for the Expansion Project at Surat

- License No. CTA/585 dated January 1, 2002 to manufacture of Ayurvedic / Siddha or Unani drugs issued by Joint Commissioner (Drugs), Food & Drugs Control Administration, Government of Gujarat
- Sanctioned load of electricity of 20 HP
- No Dues Certificate number GIDC/SAO/SRT/ACCTS/7511 dated November 5, 2004 issued by Accounts Officer, Gujarat Industrial Development Corporation certifying that the Company has made full payments for the FY 2004-05 towards the allotted plot of leased property at which our Surat Factory is situated.
- Surrender of Excise registration bearing serial no. R-III/SRT/Ch. 33 & 30/0788/96 dated February 15, 1996 issued by the Superintendent Central Excise, Surat vide application made on October 4, 2002.
- Certificate of Registration Number 04-16-05571 dated December 5, 1986 certifying us a Small Scale Industry Unit issued by Ministry of Industry, GoG. This registration is permanent.

Consents / Approvals / Licenses required for undertaking the Expansion Project but which have not been applied for

- Consent of State Pollution Control Board of Gujarat under the Water (Prevention and Control of Pollution) Amendment Act, 1988.
- FDA Approval for manufacture of Ayurvedic / Siddha or Unani drugs and cosmetic products proposed to be manufactured by the Company.
- Licence No. GA/585 dated March 17th 1997 issued by Joint Commissioner (Drugs), Food and Drugs Control Administration, GoG for manufacture for sale of ayurvedic / siddha or unani drugs. This Licence expired on October 31st 2002. We have surrendered this registration in the year 2002 when our operations was shifted to Daman from Surat
- License to work as a Factory From Inspector of Factories, 1996 issued under the Factories Act, 1948 by the Chief Inspector of Factories & Boilers, GoG
- Certificate of Registration as a 'dealer', under the local Sales Tax law
- Certificate of Registration as a 'dealer', under Central Sales Tax Act, 1956
- Sanction of additional load of electricity by Gujarat State Electricity Board
- Approval from Municipality / GIDC for water connections

Other pending Approvals/consents:

- Approval of municipality for water connection for Daman

DETAILS OF OUTSTANDING LITIGATIONS

Except as described below, there are no outstanding litigations, suits or criminal or civil prosecutions, proceedings initiated for offence (including past cases, economic offences, etc.) irrespective of whether specified in paragraph (1) of Schedule XIII of the Companies Act and litigations for tax liabilities against us, our Directors, our Promoters or Companies / Firms promoted by our promoters that would have a material adverse effect on our business and there are no defaults, non-payment or over dues of statutory dues, Institutional / Bank dues and dues payable to holders of any Debentures, Bonds and Fixed Deposits that would have a material adverse effect on our business.

OUTSTANDING LITIGATIONS AGAINST / BY US

a) Criminal Cases – Against us

Sunil Kumar Gupta v/s Amar Remedies Limited and all its Directors:

Mr. Sunil Kumar Gupta an ex-employee of our Company filed a criminal complaint bearing Criminal Case No. 81(C)/2002 before the court of Judicial Magistrate, 1st Class, Patna against the Company and its Directors under section 138 of the Negotiable Instruments Act, 1881 and sections 420, section 120B, section 406 read with section 34 of the IPC. The complainant was appointed as a regional sales manager for eastern region. The complainant had resigned his job on 28th May 2001. He alleged in his criminal complaint that of the 4 cheques drawn in his favour for payment of his remuneration, 3 were returned by the bank with the endorsement that the Company had issued 'stop payment' for the 3 cheques amounting to Rs. 75,000 in total. The other cheque for an amount of Rs. 25,000/- was returned with for insufficiency of funds in the bank account of the Company. Our Company in its reply has denied all the allegations levelled against it. The Company contended that it relied on the misrepresentations of the complainant on his experience in the field of marketing for his appointment. Further the Company has also contended that the complainant was required to meet certain sales targets as per the employment terms, which he failed. The Company also had made due payments of his remuneration. The Company also contended that the complainant on his termination of employment continued to represent himself as an employee of the Company thereby causing substantial harm to the Company. The Company has further alleged fraud against the complainant and has blatantly abused the process of law. The Company has appealed in the High Court of Judicature at Patna for quashing the process. The Honourable High Court has stayed the proceedings before the Judicial Magistrate, 1st Class, Patna.

The Court has passed an oral order for settlement of the case and we have paid an amount of Rs. 1,00,000/- in lieu of Court's Order. We are now awaiting the written order of the Court.

Royal Brushes (P) Limited v/s Amar Remedies Limited:

Royal Brushes (P) Limited has filed Criminal case No. 1392/S/2002 filed against the Company for non-payment of dues before the Metropolitan Magistrate, 18th Court, Girgaum. Royal Brushes (P) Limited contends that on 4 different occasions between January 2002 and February 2000 sold and delivered goods worth Rs. 8,54,309/- of which goods worth 6,60,554 was returned to Royal Brushes (P) Limited. The Company in part payment of the above sum issued a cheque of Rs. 2,55,009/- which was returned with an endorsement that the Company had issued 'stop payment' for the above said cheque, despite notice served upon the Company to make the above payments. The Company contended that the goods delivered to the Company were substandard and defective as a result of which the Company was constrained to issue 'stop payment' of the cheque. Further, the Company contends that the defective delivery has caused the Company losses to the tune of Rupees 30 lakhs. The case is pending before the Metropolitan Magistrate

b) Criminal Cases – By us

Pratima P Shah and others Vs. State of Bihar & Others

We have approached the High Court of Judicature of Patna for quashing the proceedings of the criminal complaint bearing Criminal Case No. 81(C)/2002 1363 of 2002 before the court of Judicial Magistrate, 1st Class, Patna in *Sunil Kumar Gupta v/s Amar Remedies Limited and all its Directors*. The Honourable High Court, Patna has stayed the proceedings before the Judicial Magistrate, 1st Class, Patna. The High Court of Patna has issued notice to the defendant to show cause as to why the application should not be admitted and in the meantime further proceeding in the court of Judicial magistrate in complaint Case No. 81(C) of 2002, Tr. No. 1363 of 2002 shall be stayed.

Amar Remedies Limited V/s. Mr Ashok Patil

The Company has filed a criminal complaint bearing criminal case no. 561/2002 before the Metropolitan Magistrate, 18th Court, Girgaum, Mumbai against Mr. Ashok Patil, proprietor of Trimurti Sales under the provisions of section 138 of the Negotiable Instrument Act, 1881. The Company has contended that the Company had sold worth Rs. 19,630 to the accused. The accused had issued a cheque drawn on Shri Veershaiv Co-operative Bank Limited for the above said amount in favour of the complainant. The same cheque was returned to the Company with an endorsement of 'stop payment'. The case is now pending before the Metropolitan Magistrate, 18th Court, Girgaum, Mumbai.

CONTINGENT LIABILITY AGAINST US

There are no contingent liabilities that require provisioning in the accounts as on June 30, 2005.

OUTSTANDING LITIGATION INVOLVING OUR PROMOTERS & DIRECTORS

There are no outstanding litigations, disputes, non-payment of statutory dues; overdues to banks/financial institutions or proceedings initiated for any economic/civil/criminal/any other offences against any of our current or previous Promoters, Directors, other than those mentioned above.

MATERIAL DEVELOPMENTS

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of last financial statements disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of the Company or the value of its assets or its ability to pay its liabilities within the next twelve months.

DIVIDEND POLICY

The Board may, in its discretion, recommend dividend to be paid to the members of our Company. The factors that may be considered by the Board before making any recommendations for the dividend includes but are not limited to profits/earnings during the financial year, liquidity of the Company, need for reserving resources for future growth, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time, etc.

Dividends would be declared at the annual general meeting of the shareholders based on recommendation by the Board of the Company. The Board may also, from time to time, pay to the members interim dividend, as appears to the Board to be justified by the profits of the Company.

We have not declared any dividend during the last five years.

OTHER REGULATORY INFORMATION

Stock Market Data for our Equity Shares

This being an initial public Issue of our Company, the Equity Shares of our Company are not listed on any stock exchange.

Particulars Regarding Previous Public Issues during the Last Five Years

We have not made any public issues during the last five years.

Companies Under the Same Management

There are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act.

Mechanism for Redressal of Investor Grievances

The memorandum of understanding between the Registrar to the Issue, Intime Spectrum Registry Limited and us, will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, demat credit and refund orders to enable investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

We estimate that the average time required by us or the Registrar to the Issue for the redressal of routine investor grievances will be seven business days from the date of receipt of the complaint.

In case of non-routine complaints and complaints where external agencies are involved, we will seek to redress these complaints as expeditiously as possible.

We have appointed Mr. Hemal Shah as the Compliance Officer and he may be contacted in case of any pre or post Issue related problems. He can be contacted at: Amar Remedies Limited, 207, Roop Raj Building, 2nd Floor, 497, S. V. P. Road, Opera House, Mumbai-400 004 Tel: + 91 22 56340591 (3 Lines) Fax: + 91 22 23866625 Email: ipo@amarremedies.com

STATEMENT OF TAX BENEFITS

We have been advised by Shyam C. Agrawal & Co. Chartered Accountants in their certificate dated 15th July, 2005 that under the current tax laws, the following tax benefit inter-alia, will be available to us and the members of the Company. A member is advised to consider in his / her / its own case the tax implications or an investment in the Equity shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefit which an investor can avail.

BENEFITS AVAILABLE TO THE COMPANY:

1 UNDER SECTION 80- 1 B (4) OF INCOME TAX ACT, 1961

Where the gross total income of the company includes any profits and gains derived from any business, derived from an Industrial undertaking in an industrially backward State / Union territory specified in the eighth schedule the amount of deduction shall be hundred percent of the profits and gains derived from such industrial undertaking for five assessment years beginning with the initial assessment year and thereafter another five years thirty percent of the profits and gains derived from such industrial undertaking under section 80-1 B (4) of Income Tax Act, 1961. The total period of deduction should not exceed ten consecutive assessment years subject to fulfillment of the condition that it begins to manufacture or produce articles or things during the period beginning on the 1st day of April 1996 and ending on the 31st day of March 2005.

2 Under Section 115JAA (1A) credit shall be allowed of any MAT paid under Section 115JB of the Act for any A.Y. commencing on or after April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income-tax Act. Such MAT credit shall be available for set-off upto 5 years succeeding the year in which the MAT credit initially arose.

3 The corporate tax rate shall be 30% and surcharge on tax shall be 10%

4 Under Section 32 the rates of depreciation on plant and machinery would normally be 15% and those on furniture and fittings 10% and motor cars 15% . Initial depreciation on plant and machinery would be 20%.

5 In addition to income tax, a fringe benefit tax at the rate of 30% (plus surcharge and education cess) would be payable in respect of fringe benefits provided / deemed to be provided to the employees.

To The Share Holders of the Company – Under Income-tax Act, 1961

(A) Resident Share Holders

(1) Under section 10(34) of the Act, dividends (whether interim or final) declared, distributed or paid by the company are exempt in the hands of the individual shareholders.

(2) Computation of Capital Gains

Capital assets may be categorized into Short Term Capital Assets and Long Term Capital Assets based on the period of holding All capital assets (except shares held in a company or any other listed securities or units of UTI or specified Mutual Fund units) are considered to be long term capital assets if they are held for a period in excess of 36 months. Shares held in a company, any other listed securities, units of UTI and specified Mutual Fund units are considered as long term capital assets if these are held for a period exceeding 12 months. Consequently capital gains arising on sale of shares held in a company or any other listed securities, or units of UTI or specified Mutual Fund units held for more than 12 months are considered as “long term capital gains”.

Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting a substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjust the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

- (a) Under section 10(38) of the Act, long term capital gains arising on sale of shares where the transaction of sale is entered into on a recognized Stock Exchange in India, or after the date on which Chapter VII of the Finance Act, 2004 comes into force, such transaction is chargeable to Securities Transaction Tax shall be exempt from tax.
- (b) Under Section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the company that are not exempt under Section 10(38) of the Act, shall not be chargeable to tax if the whole or any part of the capital gains is invested in certain notified bonds within a period of six months after the date of such transfer. However, if the said bonds are transferred or converted into money within three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.
- (c) Under Section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the company that are not exempted under section 10(38) of the Act, shall not be chargeable to tax if the whole or any part of the capital gains is invested in acquiring equity shares of an Indian Company forming part of an “eligible issue of share capital” within a period of six months after the date of such transfer. However if the said shares are transferred within a period of one year from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the share are transferred. Eligible issue of share capital has been defined as an issue of equity share which satisfies the following conditions:
 - (i) the issue is made by a public company formed and registered in India : and
 - (ii) the shares forming part of the issue are offered for subscription to the public.
- (d) Under section 54F of the act, long term capital gains arising to an individual of Hindu Undivided Family (HUF) on transfer of shares of the company, will be exempt from tax subject to other conditions specified therein, if the sale proceeds from such shares are used for the purpose of purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- (e) Under Section 111A of the Act, short term capital gains arising on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after the date on which Chapter VII of the Finance Act 2004 comes into force shall be subject to tax at a rate of 10 percent (plus applicable surcharge and education cess).
- (f) Under Section 112 and other relevant provisions of the Act, long term capital gains arising on transfer of shares of the company not covered by section 10(38) of the Act, shall be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess) after as provided in the second proviso to Section 48 or at 10 percent (plus applicable surcharge and education cess) without indexation, at the option of the shareholder.

However, as per the proviso to Section 112(1) of the Act, if the tax on long term capital gains resulting on transfer of listed securities or units, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term capital gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

(B) Mutual Funds

Under Section 10 (23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income-tax on all their income, including income from investment in the equity shares of a company.

(C) Venture Capital Companies / Funds

Under section 10 (23FB) of the Act, all venture capital companies / funds registered with Securities and Exchange Board of India, subject to the conditions specified, are eligible for exemption from income-tax on all their income, including income from sale of shares of the company.

Benefit to the Shareholders of the Company under the Wealth Tax Act, 1957

Shares of the company held by the shareholders will not be treated as an asset within the meaning of Section 2(ea) of the Wealth Tax Act, 1957 and hence Wealth Tax will not be applicable.

Benefit to the Shareholders of the Company under the Gift Tax Act, 1958

Gift of shares of the company made on or after October 1, 1998, would not be liable to Gift Tax provided the gift is made to related person. Gift of shares of the company to unrelated persons exceeding Rs. 25,000/- would however be taxed as income in the hands of the recipient as per amendment made by the Finance (No.2) Act, 2005.

Notes:

All the above benefits are as per the Current Tax Laws as amended by the Finance (No.2) Act, 2005 and will be available only to the sole / first name holder in case the shares are held by joint holders. Legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time and these may have a bearing on the advice that we have given. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this note.

In view of the individual nature of tax consequences, each investor is advised to consult his / her own tax advisor with respect to specific tax consequences of his / her participation in the scheme.

For SHYAM C. AGRAWAL & CO.
CHARTERED ACCOUNTANTS

SHYAM AGRAWAL
(PROPRIETOR)
(Membership No.31774)

SECTION VII

ISSUE RELATED INFORMATION

Terms of the Issue

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles, conditions of the FIPB and RBI approvals, the terms of this Red Herring Prospectus, Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Fresh Issue has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the Extraordinary General Meeting of the shareholders of the Company held on November 3, 2004.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari-passu* with the existing Equity Shares of our Company.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being offered in the Issue at a total price of Rs. [•] per equity share. The floor price of the Price Band is 2.4 times of the face value and the cap price is 2.8 times of the face value. At any given point of time there shall be only one denomination for the Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Company's Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, refer to the section on "Main Provisions of Articles of Association of the Company" on page 114 of this Red Herring Prospectus.

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in dematerialized form. As per existing SEBI Guidelines, the trading of our Equity Shares shall only be in dematerialized form.

Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment of the Equity Shares will be done only in electronic form in multiple of 1 Equity Share subject to a minimum of allotment of 250 Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts in Mumbai, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the equity share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed.

Fresh nomination can be made only on the prescribed form available on request at the Registered Office of our Company or to the Registrar and Transfer Agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- a) to register himself or herself as the holder of the Equity Shares; or
- b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Notwithstanding anything statated above, since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Application by Non Residents/NRIs/FIIs

It is to be distinctly understood that there is no reservation for Non Residents, NRIs and FIIs and all Non Residents, NRI and FII applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of equity shares to Non Residents shall be subject to the conditions as may be prescribed by the Government of India/RBI while granting such approvals.

ISSUE STRUCTURE

The present issue is a fresh issue of 1,50,00,000 Equity Shares of Face Value Rs. 10 each, for cash at a price of Rs. [●] per Equity Share aggregating Rs. [●] lakhs. This Issue is being made through a 100% book building process under clause 2.2.2 of SEBI (DIP) Guidelines, 2000.

	QIBs	Non-Institutional Bidders	Retail individual Bidders
Number of Equity Shares*	Not more than 75,00,000 Equity Shares.	Minimum of 22,50,000 Equity Shares or Issue size less allotment to QIBs and Retail Individual Bidders.	Minimum of 52,50,000 Equity Shares or Issue Size less allotment to QIBs and Non-Institutional Bidders.
Percentage of Issue Size Available for allocation	Not more than 50% or Issue size less allotment to Non-Institutional Bidders and Retail Individual Bidders.	Minimum of 15% or Issue size less allotment to QIB Bidders and Retails Individual Bidders	Minimum 35% or Issue size less allotment to QIB Bidders and Non-Institutional Bidders
Basis of Allocation or Allotment if respective category is oversubscribed	Discretionary	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares and in multiples of 250 Equity Shares that the bid amount exceeds Rs. 100,000	Such number of Equity Shares and in multiples of 250 Equity Shares that the bid amount exceeds Rs. 100,000	250 Equity shares and in multiples of 250 Equity Share thereafter.
Maximum Bid	Such number of Equity Shares not exceeding the Issue Size, subject to applicable limits.	Such number of Equity Shares not exceeding the Issue Size, subject to applicable limits	Such number of Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in Dematerialised mode	Compulsorily in Dematerialised mode	Compulsorily in Dematerialised mode
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Bidding Lot	250 Equity Shares	250 Equity Shares	250 Equity Shares
Who can apply	Public financial institutions, as specified in Section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI and state Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lakhs and pension funds with minimum corpus of Rs. 2500 lakhs in accordance with applicable laws.	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, scientific institutions, societies and trusts.	Individuals (including NRIs and HUFs) applying for Equity Shares such that the Bid amount does not exceed Rs. 1,00,000 in value.

Terms of Payment	Margin Money applicable to QIBs at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.	Margin Money applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the Syndicate Members.
Margin Amount	NIL	Full Bid Amount on Bidding	Full Bid Amount on Bidding

* Subject to valid bids being received at or above the Issue Price. Under-subscription, if any, in any portion, would be allowed to be met with spillover from any other portions at the Company's discretion, in consultation with the BRLM.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% book building method where in up to 50% of the Issue size may be allotted on a discretionary basis to Qualified Institutional Buyers. Further, not less than 15% of the Net Issue size to Public shall be available for allotment on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Issue size to Public shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the Members of the Syndicate. We, in consultation with the BRLM, reserve the right to reject any Bid procured by any or all Members of the Syndicate without assigning any reasons thereof in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, we would have a right to reject the Bids only on technical grounds.

We, in consultation with the BRLM would have discretion regarding allotment of shares to QIBs based on a number of criteria, which will typically include, but would not be limited to prior commitment, investor quality, price, earliness of bid.

Investors should note that Equity Shares would be allotted to all successful Bidders only in dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical mode. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of Members of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid-cum-Application Form and such options shall not be considered as multiple Bids. Upon the allotment of Equity Shares, dispatch of the CAN and filing of the Prospectus with the RoC, the Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the Bid-cum-Application Form to a Members of the Syndicate, the Bidder is deemed to have authorized us to make the necessary changes in this Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid-cum-Application Form for various categories, is as follows:

Category	Colour of Bid-cum-Application Form
Indian Nationals or NRIs applying on a non-repatriation basis	White
Non-Residents including NRIs or FIIs applying on a repatriation basis	Blue

Who Can Bid?

- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- Companies, corporate bodies not having majority ownership and control of persons resident outside India and societies registered under the applicable laws in India and authorized to invest in Equity shares;
- Indian mutual funds registered with SEBI;
- Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks (subject to RBI regulations and SEBI Guidelines and Regulations, as applicable);

- Venture capital funds registered with SEBI;
- Foreign Venture Capital investors registered with SEBI;
- State Industrial Development Corporations;
- Insurance Companies registered with the Insurance Regulatory and Development Authority;
- Provident funds with minimum corpus of Rs. 2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
- Pension funds with minimum corpus of Rs. 2500 lakhs and who are authorized under their constitution to invest in Equity Shares;
- Multilateral and Bilateral Development Financial Institutions;
- Trusts/Societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/Societies and who are authorized under their constitution to hold and invest in equity shares;
- Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non- repatriation basis subject to applicable local laws; and
- Scientific and/or industrial research organizations authorized under their constitution to invest in equity shares.

Note: The Members of the Syndicate and any associate of the Members of the Syndicate (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allotment is discretionary and will not be eligible as a QIB in this Issue. Further, the BRLM and the Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

OCBs are not eligible to apply in this Issue pursuant to the existing guidelines.

Application by Mutual Fund:

In accordance with the current regulations, the following restrictions are applicable for investments by mutual funds:

- a) No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds.
- b) No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

Application by FIIs

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The Issue of Equity Shares to a single FII should not exceed 10% of the post-Issue paid- up capital of the Company (i.e. 10% of 1,50,00,000 Equity Shares). In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital or 5% of the total issued capital of the Company in case such sub-account is a foreign corporate or an individual. As of now, the aggregate FII holding in the Company cannot exceed 24% of its total issued capital of the Company. With approval of shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, till date, no such resolution has been recommended to the shareholders of the Company for adoption.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly the investment by any venture capital fund or foreign venture capital investor should not exceed the prescribed the investment limit as the case may be.

The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid size

For Retail Bidders: The Bid must be for minimum 250 number of Equity Shares and in multiples of 250 Equity Shares thereafter subject to maximum bid amount of Rs. 1,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000. In case the Bid Amount is over Rs. 1,00,000 due to revision or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allotment under the Non-Institutional Bidders category. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

For Others (Non-Institutional Bidders and QIBs) Bidders: The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount payable by the Bidder does not exceeds Rs. 1,00,000 and in multiples of 250 Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.**

In case of revision in Bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 1,00,000 for being considered for allotment in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 1,00,000 or less due to a revision in Bids or revision of Price Band, the same would be considered for allotment under the Retail Portion. Non Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

Information for the Bidders

- a) The Company will file this Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/Issue Opening Date.
- b) The Members of the Syndicate will circulate copies of this Red Herring Prospectus along with the Bid-cum-Application Form to their potential investors.
- c) Any investor (who is eligible to invest in the Equity Shares) desirous of obtaining a copy of this Red Herring Prospectus along with the Bid-cum- Application Form can obtain the same from the registered office of the Company or from a Members of the Syndicate.
- d) The Bids should be compulsorily submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of Members of the Syndicate. The Bid-cum-Application Forms, which do not bear the stamp of Members of the Syndicate, will be rejected.

Method and Process of bidding

We, with the BRLM shall declare the Bid/Issue Opening Date Bid/Issue Closing Date and the Price Band in the Red Herring Prospectus filed with RoC and publish the same in two national newspapers (one each in English and Hindi) and a regional newspaper (Marathi). This advertisement shall contain the disclosures specified in Part – A of the Schedule XX – A of the SEBI guidelines. The Members of the Syndicate shall accept Bids from the Bidders during the Issue Period.

Investors who are interested in subscribing for our Equity Shares should approach any of the Members of the Syndicate or their authorized agent(s) to register their Bid.

The Bidding Period shall be a minimum of 3 (Three) working days and not more than 7 (Seven) working days. In case the Price Band is revised, the revised Price Band and the Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and the Bidding Period may be extended, by an additional 3 (three) days, subject to the total Bidding Period not exceeding ten working days.

During the Bidding Period, the Bidders may approach the Members of the Syndicate to submit their Bid. Every Members of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.

Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” of this Red Herring Prospectus) within the Price Band and specify the demand (i.e., the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allotment and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.

The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form have been submitted to any Members of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another Members of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph “Build up of the Book and Revision of Bids” on page 95 of this Red Herring Prospectus.

The Members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid cum application Form.

Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment and Payment into the Escrow Account” on page 93 of the Red Herring Prospectus.

Bids at Different Price Levels

The Price Band has been fixed at Rs. 24 to Rs. 28 per Equity Share, Rs. 24 being the floor of the Price-Band and Rs. 28 being the cap of the Price Band. The Bidders can bid at any price within the price Band, in multiples of Re. 1/-.

We, in consultation with the BRLM, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three working days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the Floor of the Price-band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Red Herring Prospectus.

Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Marathi) and also indicating the change on the relevant websites of the BRLM and the terminals of the Members of the Syndicate.

We, in consultation with the BRLM, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.

The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding Rs. 100,000 may bid at “Cut-off”. However, bidding at “Cut-off” is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.

Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e. the total number of Equity Shares allotted in the Issue multiplied by the Issue Price), Retail Individual Bidders, who bid at Cut off Price, shall receive the refund of the excess amounts from the Escrow Account.

In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 1,00,000 if the bidder wants to continue to bid at Cut-off Price), with the Members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000, the Bid will be considered for allotment under the Non-Institutional category in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidders shall be deemed to have approved such revised Bid at Cut-off Price.

In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.

In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall remain 250 Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

The Company and Members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders shall make the cheque or demand drafts in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account for the Issue. The Escrow Collection Banks will act in terms of the Red Herring Prospectus and an Escrow Agreement. The monies in the Escrow Account of the Company shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement with the Company. Payment of refund to the Bidders shall also be made from the Escrow Agreement and this Red Herring Prospectus.

The Bidders may note that the Escrow Mechanism is not prescribed by SEBI and the same has been established as an arrangement between the Company, the Members of the Syndicate, Escrow Collection Bank(s) and the Registrars to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

Each Bidder, who is required to pay Margin Amount greater than 0%, shall, with the submission of the Bid-cum-Application Form draw a cheque, demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details refer to the paragraph “Payment Instructions” on page 100 of this Red Herring Prospectus) and submit the same to the Members of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid-cum-Application Form based on the highest bidding option of the Bidder.

The Members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds whose bids have been accepted from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account, lying credited with Escrow Collection Banks shall be held for the benefit of the Bidders who are entitled to refunds. On the Designated Date, and not later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all amount payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders (i.e. QIBs, Non Institutional Bidders and Retail Individual Bidders) would be required to pay their applicable Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Money payable by each category of Bidders is mentioned under the heading “Issue Structure” on page 87 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allotted at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder not later than the Pay-in-Date, which shall be a minimum period of 2 (two)

days from the date of communication of the allotment list to the Members of the Syndicate by the BRLM. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the Members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid Form.

Where the Bidder has not been allotted any shares or lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allotment, will be refunded to such Bidder within 15 days from the Bid Closing Date/Issue Closing Date, failing which the Company shall pay interest @15% per annum for any delay beyond the periods mentioned above.

Electronic Registration of Bids

- (a) The Members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one BSE /NSE on-line connectivity to each city where a Stock Exchange is located in India and the Bids are accepted.
- (b) BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on an half hourly basis. On the Bid Closing Date, the Syndicate Members shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) The aggregate demand and price for bids registered on the electronic facilities of BSE and NSE will be downloaded on an half hourly basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period.
- (d) At the time of registering each Bid, the Members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor.
 - Investor Category –Individual, Corporate, NRI, FII, or Mutual Fund, etc.
 - Numbers of Equity Shares bid for.
 - Bid price.
 - Bid cum Application Form number.
 - Whether payment is made upon submission of Bid-cum-Application Form.
 - Depository Participant Identification No. and Client Identification No. of the Demat Account of the Bidder.
- (e) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the Members of the Syndicate.** The registration of the Bid by the Members of the Syndicate does not guarantee that the Equity Shares shall be allotted either by the Members of the Syndicate or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) Consequently, the BRLM/ Members of the Syndicate also has the right to accept the Bid or reject it without assigning any reason, in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page 102 in this Red Herring Prospectus.
- (h) It is to be distinctly understood that the permission given by BSE and NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.
- (i) It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

Build Up of the Book and Revision of Bids

Bids registered by various Bidders through the Members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on half hourly basis.

The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three working days to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Red Herring Prospectus.

Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and also indicating the change on the web site of the BRLM, and at the terminals of the Members of the Syndicate.

During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid-cum-Application Form.

Revisions can be made in both the desired numbers of Equity Shares and the bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid-cum-Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid-cum-Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed, in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the Members of the Syndicate.

Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of the Red Herring Prospectus. In case of QIBs, the Members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.

The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same Members of the Syndicate through whom he or she has placed the original Bid. Bidders are advised to retain copies of the blank Revision Forms and the revised Bid must be made only in such Revision Form or copies thereof.

When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

In case of discrepancy of data between BSE or NSE and Members of the Syndicate, the decision of the BRLM based on the physical records of bid – cum – application forms shall be final and binding to all concerned.

Price Discovery and Allocation

- (a) After the Bid/Issue Closing Date, the BRLM shall analyse the demand generated at various price levels and discuss pricing strategy with the Company.
- (b) The Company, in consultation with the BRLM shall finalise the “Issue Price”, the number of Equity Shares to be allotted and the allotment to successful QIB Bidders. The allotment will be decided based on the quality of the Bidder and the size, price and time of the Bid.
- (c) The allotment for QIBs would be up to 50% of the Issue Size and would be discretionary. The allotment to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and not less than 35% of the Issue Size, respectively, would be on proportionate basis in consultation with the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) Undersubscription, if any, in any category would be allowed to be met with spill over from any of the other categories at the discretion of the Company, in consultation with the BRLM.

- (f) The BRLM, in consultation with the Company shall notify the Syndicate Members of the Issue Price and allotments to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) The Company reserves the right to withdraw from the Issue at any time after the Bid/Issue Opening Date but before allotment.
- (h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the Bid Closing Date/ Issue Closing Date.

Signing of Underwriting Agreement and RoC Filing

- (a) The Company, the BRLM, and the Syndicate Members shall enter into an Underwriting Agreement on finalization of the Issue Price and allotment(s) to the Bidders.
- (b) After signing the Underwriting Agreement, the company will update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an Investor. Any material updates between the date of the Red Herring Prospectus and the date of the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

After the determination of Issue Price, the following steps would be taken:

- a) The BRLM or Registrars to the Issue shall send to the Syndicate Members, a list of their Bidders who have been allotted Equity Shares in the Issue.
- b) The Members of the Syndicate would then send the CAN to their Bidders who have been allotted Equity Shares in the Issue. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allotted to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay in full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
- c) Bidders who have been allotted Equity Shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realization of their cheque or demand drafts paid into the Escrow Account. The despatch of a CAN shall be deemed to be a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for allocation to such Bidder.

Designated Date and Allotment of Equity Shares

- a) After the funds are transferred from the Escrow account to the Public Issue Account on the Designated Date, the Company would allot Equity Shares to the Allottees within 2 working days of the finalization of the basis of allotment.
- b) Successful Bidders will receive credit for the Equity Shares directly in their depository account. Equity shares will be allotted only in the dematerialized form to the allottees. Successful Bidders will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
- c) Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to this Issue.
- d) The Company would ensure the allotment of Equity Shares within 15 days of the Bid/ Issue Closing Date and give instructions to credit to the Allottees' Depository Account within 2 working days from the date of allotment. In case the Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

General Instructions

Do's:

- a) Check if you are eligible to apply;
- b) Read all the instructions carefully and complete the resident Bid-cum-Application Form (white in colour) or Non-Resident Bid-cum-Application Form (blue in colour).
- c) Ensure that the details about Depository Participant and Beneficiary Account are correct, as Allotment of Equity Shares will be in the dematerialised form only;
- d) Investors must ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same sequence in which they appear in the Bid cum Application Form;
- e) Ensure that the Bids are submitted at the Bidding Centres only on forms bearing stamp of the Syndicate Members;
- f) Ensure that you have been given a TRS for all your Bid options;
- g) Submit Revised Bids to the same Syndicate Members through whom the original Bid was placed and obtain a revised TRS;
- h) Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more, and attach a copy of the PAN card and also submit a photo copy of the PAN card (s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number with bid cum application form. In case you do not have a PAN, ensure that you provide the declaration in Form – 60 prescribed under the I.T. Act along with the application.

Don'ts:

- a) Do not Bid if you are prohibited from doing so under the law of your local jurisdiction;
- b) Do not Bid for lower than minimum Bid size;
- c) Do not Bid or revise the Bid to less than the lower end of the Price Band or higher than the higher end of the Price Band;
- d) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Members of the Syndicate;
- e) Do not pay Bid amount in cash or through Stock Invest;
- f) Do not Bid at cut off price (for QIB Bidders, Non-Institutional Bidders)
- g) Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable law.
- h) Do not send Bid cum Application Form by post; instead submit the same to a Members of the Syndicate only.

Instructions for Completing the Bid-Cum-Application Form

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the Syndicate Members.

Bids and Revisions of Bids

Bids and Revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for Resident Indians, blue colour for NRI or FII or foreign venture capital fund registered with SEBI applying on repatriation basis)
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 250 Equity Shares and in multiples of 250 thereafter subject to a maximum of Rs. 1,00,000.
- (d) For non institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares that the Bid amount exceeds Rs. 1,00,000 and in multiples of 250 Equity Shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable laws or regulations.
- (f) In single name or in joint names (not more than three).
- (g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

The name of the sole or first Bidder's bank, branch, type of account and account numbers must be mandatorily filled in the Bid-cum-Application Form. **This is required for the Bidder's own safety so that these details can be printed on the refund orders.** These bank account details should be the same as those mentioned in the Bidder's Depository account, as those details will be printed on the refund orders. Bid-cum-Application Forms without these details are liable to be rejected. It is the Bidder's responsibility to ensure that the details of the Bidder's Depository account are correct.

Bidder's Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN THE DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT'S IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID-CUM-APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-Application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorise the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic details as available on its records.

Refund Orders/ Allocation Advice/ CANs would be mailed at the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ allotment advice/ CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidders in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Investors should note that the refund cheques will be overprinted with details of bank account as per the details received from the depository.

Bids under Power of Attorney

In case of bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum & Article of Association and/or Bye Laws must be lodged along with the Bid cum Application Form. Failing this, the Issuer reserves the right to accept or reject any bid in whole or in part, in either case, without assigning any reason thereof.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by insurance companies registered with Insurance Regulatory and Development Authority, a certified copy of the certificate of registration issued by Insurance Regulatory and Development Authority must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by provident fund with the minimum corpus of Rs. 2500 lakhs and pension fund with the minimum corpus of Rs. 2500 lakhs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason thereof.

In case of Bids made by mutual fund registered with SEBI, venture capital funds registered with SEBI and foreign venture capital investors registered with SEBI, a certified true copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company and the BRLM reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid-cum-Application Form, subject to such terms and conditions as the Company/BRLM may deem fit.

We, in our absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order / CANs/ allocation advice, the Demographic details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Bids by NRIs

NRI Bidders will have to comply with the following:

1. Individual NRI Bidders can obtain the Bid-cum-Application Forms from the Company's registered office or from Members of the Syndicate or the Registrars to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange shall be considered for allotment. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (white in colour).

Bids by non-residents including NRIs, FIIs and Foreign Venture capital Funds registered with SEBI on a repatriation basis.

Bids and Revision to Bids must be made:

- On the prescribed Bid cum Application Form or Revision Form, as applicable (blue in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single name or joint names (not more than three)
- NRIs for a Bid Amount of up to Rs. 1,00,000 would be considered under the Retail Bidders portion for the purposes of allotment and Bids for a Bid amount of more than Rs. 1,00,000 would be considered under the Non-Institutional Bidders portion for the purposes of allotment; by FIIs for a minimum of such number of Equity Shares and in multiples of 250 thereafter that the Bid Amount exceeds Rs. 1,00,000; for further details see "Maximum and Minimum Bid Size" at page 91 of this Red Herring Prospectus.
- In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
- Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be despatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid-cum-Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, NRIs, FIIs and Foreign Venture Capital Funds and all Non Residents, NRI, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allotment.

Payment Instructions

The Company shall open an Escrow Account with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form. The BRLM and Syndicate Members shall also open Escrow Accounts of the Members of the Syndicate with one or more of the Escrow Collection Banks for the collection of the margin amounts payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Account to the Issue

1. The Bidders who have paid the Bid Amount on application shall draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the Members of the Syndicate along with the Bid cum Application Form.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allotted to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Members of the Syndicate by the BRLM.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - (a) In case of resident Bidders: **“Escrow Account – Amar Public Issue”**
 - (b) In case of Non Resident Bidders: **“Escrow Account – Amar Public Issue – NR”**
 - * In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary Account of a Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
 - * In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
4. Where a Bidder has been allotted a lesser number of Equity Shares than what the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allotted, will be refunded to the Bidder from the Escrow Account of the Company.
5. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
7. On the Designated Date and not later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

Payments should be made by cheque, or demand drafts drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the center where the Bid cum Application Form is submitted. Outstation cheque/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal Orders will not be accepted.

Payment by Stockinvest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-2004 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn.

Submission of Bid-cum-Application Form

All Bid-cum-Application Forms or Revision Forms duly completed and accompanied by Account Payee cheques or drafts shall be submitted to the BRLM/Syndicate Members at the time of submitting the Bid-cum-Application Form. The BRLM/Syndicate Members may at their discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

No separate receipts shall be issued for the money payable on submission of Bid-cum-Application Form or Revision Form. However, the collection centre of the BRLM/Syndicate Members will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his or her address.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The Company reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

PAN or GIR Number

Where the maximum Bid for Equity Shares by a Bidder is for the total value of Rs. 50,000 or more, i.e. the actual numbers of Equity Shares Bid for multiplied by the Bid Amount is Rs. 50,000 or more, the Bidder or, in the case of a Bid in joint names, each of the Bidders should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act and also submit a photocopy of the PAN Card(s) or a communication from the Income Tax Authority indicating allotment of PAN ("PAN Communication") alongwith the application for the purpose of verification of the number. Bidders who do not have PAN are required to provide a declaration in Form 60 prescribed under the I.T. Act along with the application. **Bid cum Application Forms without this photocopy / PAN Communication / declaration will be considered incomplete and are liable to be rejected.**

Our Right to Reject Bids

The Company and the Members of the Syndicate reserve the right to reject any Bid without assigning any reason thereof in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject bids based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:-

1. Amount paid doesn't tally with the amount payable for the highest value of Equity Shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bid by minor;
5. PAN photocopy/PAN communication/Form 60/Form 61 declaration not given if Bid is for Rs. 50,000 or more;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the lower end of the Price Band;
8. Bids at a price more than the higher end of the Price Band;
9. Bids at cut-off price by Non-Institutional and QIB Bidders;
10. Bids for number of Equity Shares, which are not in multiples of 250;
11. Category not ticked;
12. Multiple bids as defined in this Red Herring Prospectus;
13. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
14. Bids accompanied by Stockinvest/money order/ postal order/ cash;
15. Bids not duly signed by the sole/joint Bidders;
16. Bid-cum-Application Form does not have the stamp of the Syndicate Members;
17. Bid-cum-Application Form does not have Bidder's depository account details;
18. Bid-cum-Application Forms are not submitted by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form;
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
20. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity;
21. Bids by OCBs.
22. Bids by U.S. residents or U.S. persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the U.S. Securities Act of 1933;
23. Bids by NRIs not disclosing their residential status.

Equity Shares in Dematerialized Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among the Company, the Depositories and the Registrar,

1. An Agreement dated January 11, 2005 among NSDL, the Company and Intime Spectrum Registry Limited
2. An Agreement dated June 23, 2005 among CDSL, the Company and Intime Spectrum Registry Limited.

All Bidders can seek allocation only in Dematerialized mode. Bids from any Bidder without the following details of his or her depository account are liable to be rejected:

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares allotted to a Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid-cum-Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the Bidder(s).
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid-cum-Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her demographic details given in the Bid-cum-Application Form vis-à-vis those with his or her Depository Participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where Equity Shares are proposed to be listed have electronic connectivity with NSDL and CDSL.
8. The trading of Equity Shares of the Company would only be in dematerialized form for all investors in the demat segment of the respective Stock Exchanges.

COMMUNICATIONS

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid-cum-Application Form number, number of Equity Shares applied for, date of Bid Form, name and address of the Members of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Despatch of Refund Orders

Our Company shall ensure despatch of refund orders of value over Rs.1500/- by Registered Post / Speed post only and adequate funds for the purpose shall be made available to the Registrars by the Company.

UNDERTAKING BY THE COMPANY

The Company undertakes as follows:

- (a) that the complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;
- (b) that all steps shall be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
- (c) that the funds required for despatch of refund orders / allocation advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company ;
- (d) that the refund orders or allocation advice to the NRIs or FIIs shall be dispatched within specified time; and
- (e) that no further issue of Equity Shares shall be made until the Equity Shares being issued through this Red Herring Prospectus are listed or until the Bid Monies are refunded on account of non-listing, under-subscription etc.

UTILISATION OF ISSUE PROCEEDS

The Board of Directors of the Company certifies that:

- (a) all monies received out of the Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) details of all monies utilized out of the Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilized;
- (c) details of all unutilized monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company shall not have any recourse to the Issue Proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Procedure and Time Schedule for allocation of Equity Shares

The Company reserves, at its absolute and uncontrolled discretion and without assigning any reason thereof, the right to accept or reject any Bid in whole or in part. In the case of Retail and Non-Institutional Bidders, the rejection of any Bid is only on grounds of technical non-compliance with the specified procedure. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure the allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date. The Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not despatched and/ or dematerialized credits are not made to investors within two working days from the date of allotment.

Disposal of Applications and Applications Money

The Company shall ensure despatch of allocation advice or refund orders and give benefit to the beneficiary account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. The Company shall ensure the despatch of refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and despatch of refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk.

The Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalization of the basis of allotment.

In accordance with the Companies Act, the requirements of the stock exchanges and SEBI Guidelines, the Company further undertakes that:

- i) Allotment of Equity Shares shall be made only in dematerialized form within 15 days of the Bid/Issue Closing Date;
- ii) The Company would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- iii) The Company shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment is not made, refund orders are not despatched and/or dematerialized credits are not made to investors within the 15 day time prescribed above.

The Company will provide adequate funds required by the Registrars to the Issue for despatch of refund orders or allocation advice.

Refunds will be made by cheque, pay orders or demand drafts drawn on a bank appointed by the Company as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest on Refund of Excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received by the Company if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the Members of the Syndicate will acknowledge the receipt of the Bid-cum-Application forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid-cum-Application Form for the records of the Bidder.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the GoI and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. As per current foreign investment policies, foreign investment in pharmaceutical sector is allowed up to 100% under the automatic route.

By way of Circular No. 53 dated 17 December 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLM on the basis of assessment of market demand for the Equity Shares offered in this Issue by way of Book Building Process. The face value of the Equity Shares is Rs. 10 and the Price Band for this issue is Rs.24 to Rs.28 per Equity Share.

You should read the following summary with the Risk Factors included from page (x) to (xvii) and the more detailed information about us and our financial statements included in this Red Herring Prospectus. The trading price of our Equity Shares could decline due to these risks and you may lose all or part of your investment.

Qualitative Factors

- We are into this industry for last 20 years and intend to leverage our competitive strengths to become a strong player in the Industry.
- We have a proven track record in terms of turnover and profitability since 1995.
- We have so far not availed any term loan facilities and all the existing facilities were set up by our own internal accruals.
- Proposed Surat Plant is well connected by rail and road and is at a distance of 4 kms from Surat Railway Station. Factory building is already in existence and only a few structural changes are to be implemented which can be completed within a period of 6 months along with the installation of plant and machinery. Hence, the gestation period is low.
- The ayurvedic products to be launched are approved by FDA.

For a detailed discussion on the above factors refer to the section titled “Our Business” at page 40 of this Red Herring Prospectus.

Quantitative Factors

Information presented in this section is derived from our restated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which may form the basis for computing the price, are as follows:

1. Adjusted Earning per Share (EPS) of face value of Rs. 10

FY Ended	E.P.S. (Rs.)	Weights used
June 30, 2003	2.93	1
June 30, 2004	3.25	2
June 30, 2005	6.16	3
Weighted Average	4.65	

- The earning per share has been computed on the basis of adjusted profits & losses for the respective years/ periods after considering the impact of accounting policy changes and prior period adjustments/ regroupings pertaining to earlier years.*
- The denominator considered for the purpose of calculating earning per share is number of Equity Shares outstanding as on last date of the respective FY.*

2. Price/Earning (P/E)* ratio in relation to Issue Price of Rs. [●]

Based on year ended June 30, 2005 EPS of Rs. 6.16 [●]

* would be calculated after discovery of price through Book-Building

3. Return on Net worth (RONW)

FY Ended	RONW	Weights used
June 30, 2003	22.96%	1
June 30, 2004	20.00%	2
June,30 2005	27.47%	3
Weighted Average	24.23%	

Note: Based on net worth as on the last day of the respective FY

4. Minimum Return on increased net worth required to maintain pre- Issue EPS is [•]

5. Net Asset Value (NAV) Per Equity Share

FY Ended	NAV (Rs.)
June 30, 2003	12.75
June 30, 2004	16.23
June,30 2005	22.42
After Issue @	[•]

Note: Based on net worth as on the last day of the respective FY

@ Based on the Issue price of Rs. [•] determined on the basis of the demand from investors through Book-Building Process

6. Comparison with Industry Peers

There are no listed companies who are exclusively into the manufacturing of Ayurvedic Products & Medicines. The range of our products include manufacturing toothpaste and tooth powder that fall under FMCG Category and on other hand, we manufacture pain relieving medicines like balm, Gel, etc. that form a part of the Pharma Industry.

We therefore, hereby present a Peer Group comparable of both the sectors:-

Name of the Company	E.P.S (Rs.)	P/E Multiple	B.V. (Rs.)	RONW (%)
Personal Care – Indian				
Emami Ltd.	4.8	15.2	12.8	55.5
Fem Care Pharma	15.5	12.9	45.2	50.9
J.L.Morison	16.6	12.5	304.1	7.7
Industry Average – Personal Care (Indian)		23.3		
Pharmaceuticals – Indian				
Dabur Pharma	1.0	49.6	17.0	7.6
Zandu Pharma	139	16.6	922.1	22
Amrutanjan	12.3	10.2	84	10.2
Industry Average – Pharma Sector (Bulk Drugs & Formulations)		29.7		

(Source: Capital Market July 4 - 17, 2005)

SECTION VIII – STATUTORY AND OTHER INFORMATION

Consents

Consents in writing of: (a) the Directors, the Company Secretary & Compliance Officer, the Auditors, Legal Advisors, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Manager to the Issue and Syndicate Members, Escrow Collection Bankers, Registrars to the Issue, Underwriters to the Issue to act in their respective capacities, have been obtained and filed along with a copy of this Red Herring Prospectus with the Registrar of Companies, Maharashtra located at Mumbai, as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, Maharashtra.

M/s. Shyam C. Agrawal & Co., Chartered Accountants and Statutory Auditors of the Company, have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the RoC.

M/s. Shyam C. Agrawal & Co., Chartered Accountants, have given their written consent to the tax benefits accruing to the Company and its members in the form and context in which it appears in the Red Herring Prospectus and have not withdrawn such consent up to the time of delivery of the Prospectus for registration with the RoC.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue amount including devolvement of the Members of the Syndicate, if any, within 60 days from the Bid Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company become liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act.

If the number of allottees in the proposed Issue is less than 1,000 allottees, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after the Company becomes liable to pay the amount, the Company shall pay interest at the rate of 15% per annum for the delayed period.

Expert Opinion

Except as stated in the sections titled “Objects of the Issue”, “Statement of Tax Benefits” and “Financial Statements” of this Red Herring Prospectus, we have not obtained any expert opinions.

Basis of Allotment

1. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail individual Bidders will be made at the Issue Price.
- The Issue size less allotment to Non-Institutional Bidders and QIBs shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 52,50,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 52,50,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis up to a minimum of 52,50,000 Equity Shares. For the method of proportionate basis of allotment, refer below.

2. For Non Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allotment to QIBs and Retail Portion shall be available for allotment to Non- Institutional Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 22,50,000 Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 22, 50,000 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis up to a minimum of 22, 50,000 Equity Shares or in multiples of one Equity Share. For the method of proportionate basis of allotment refer below.

3. For QIB Bidders

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the QIBs will be made at the issue price.
- The Issue size less allotment to Non-Institutional portion and Retail Portion shall be available for allotment to QIB Bidders who have bid in the Issue at a price, which is equal to or greater than the Issue Price.
- The allotment would be decided by the Company in consultation with the BRLM and would be at their sole discretion, based on various factors, such as quality of the Bidder, size, price and date of the Bid.
- The aggregate allotment to QIB Bidders shall not be more than 75,00,000 Equity Shares.

Method of Proportionate Basis of Allotment in the Retail and Non-Institutional Portions

In the event of the Issue being over-subscribed, the basis of allotment to Retail and Non Institutional Bidders shall be finalized by us in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner.

The allotment shall be made in multiples of marketable lot, on a proportionate basis as explained below subject to minimum allotment being equal to the minimum application size:

Bidders will be categorized according to the number of Equity Shares applied for by them.

The total number of Equity Shares to be allotted to each portion, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of shares applied for) multiplied by the inverse of the over-subscription ratio.

Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares, applied for by each Bidder in that portion multiplied by the inverse of the over-subscription ratio.

In all Bids where the proportionate allotment is less than 250 Equity Shares per Bidder, the allotment shall be made as follows:

- a) Each successful Bidder shall be allotted a minimum of 250 Equity Shares; and
- b) The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that portion is equal to the number of Equity Shares calculated in accordance with (b) above.

If the proportionate allotment to a Bidder works out to a number that is more than 250 but is a fraction, the fraction would be rounded off to the higher whole number if that decimal is 0.5 or more. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all Bidders in such categories would be arrived at after such rounding off.

If the Equity Shares allotted on a proportionate basis to any portion are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The total expenses of the Issue are estimated to be approximately Rs. 350 lakhs, brief details of which are as under:

Details	Amount (Rs. in lakhs)
Printing & Distribution	50.00
Issue Advertisements	120.00
Issue Management fee	30.00
Underwriting & Selling Commission	50.00
Registrars Expenses	20.00
Brokerage	30.00
Other Costs including fee to Legal Advisors, Stamp Duty, Listing fee, etc.	50.00
TOTAL	350.00

All expenses with respect to the Issue would be met out of the proceeds of the Issue.

Fees Payable to the Book Running Lead Manager

The total fees payable to the Book Running Lead Manager will be as per the Engagement Letter & Memorandum of Understanding signed with us dated September 13, 2004 & December 14, 2004 respectively issued by our Company, a copy of which is available for inspection at our registered office.

Fees Payable to the Registrars to the Issue

The total fees payable to the Registrars to the Issue will be as per Registrar's Agreement dated November 8, 2004 copy of which is available for inspection at our registered office.

Adequate funds will be provided to the Registrars to the Issue to enable them to send refund orders or allotment advice by registered post.

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and the selling commission for the Issue is as set out in the Syndicate Agreement amongst us, the BRLM and the Syndicate Members.

The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue price and the amount underwritten in the manner mentioned elsewhere in the Red Herring Prospectus.

Commission and Brokerage on Previous Issues

Except as stated elsewhere in this Red Herring Prospectus, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of our Equity Shares since our inception.

Previous Rights and Public Issues

This is the Initial Public Issue of us and we have not made any Public or Rights Issue since the Incorporation.

Outstanding Debentures or Bond Issues or Preference Shares

We have no outstanding debentures or bond issues or preference shares.

Issues Otherwise than for Cash

Save as stated in the section entitled "Capital Structure of the Company" on page 16 of this Red Herring Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.

Capitalization of Reserves or Profits

The Company has not capitalized its reserves or profits at any time except as stated in the section entitled “Capital Structure of the Company” on page 16 of this Red Herring Prospectus.

Option to Subscribe

The Equity Shares being offered through this Red Herring Prospectus can be applied for in the dematerialized form only.

Purchase of Property

No property which the Company has purchased or acquired or propose to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Red Herring Prospectus, other than property in respect of which:

- The contracts for the purchase or acquisition were entered into in the ordinary course of the business, and the contracts were not entered into in contemplation of the Issue nor is the Issue contemplated in consequence of the contracts; or
- The amount of the purchase money is not material.

We have not purchased any property in which any of its promoters and/or Directors, have any direct or indirect interest in any payment made thereof.

Change in Statutory Auditors of our Company during past three years

There has been no change in Statutory Auditors of our Company during last three financial years.

Remuneration & Terms of appointment of Managing & Whole Time Directors***Mr. Sagar P. Shah, Managing Director***

Mr. Sagar P Shah has been appointed as the Managing Director of the Company pursuant to the Special Resolution passed at the Extra Ordinary General Meeting held on 26, May, 2005 for a period of 5 years with effect from 1, April, 2005 to 31, March 2010 under the following terms and conditions:

- a) Salary of Rs. 1,00,000/- per month with increment as may be decided by Board of Directors from time to time of an amount not exceeding 25 % of the salary.
- b) Perquisites are as under:
 - (i) House Rent Allowance up-to 25% of salary and free furniture, gas, electricity and water.
 - (ii) Reimbursement of Medical expenditure for self and family subject to the ceiling of 1 month salary in a year or 3 months salary over period of 3 years.
 - (iii) Leave Travel concession self and family once in a year in accordance with the rules of the Company.
 - (iv) Personal accident insurance for an amount, the annual premium for which shall not exceed Rs. 4,000/-

Explanation: for the purpose of above perquisites “family” means spouse, dependent children and dependent parents of the managing director. Provided that perquisites mentioned above shall be restricted to an amount equal to annual salary.

- (v) Contribution to provident fund and Superannuation fund to the extent not taxable under the Income Tax Act.
- (vi) Gratuity at the rate of half month’s salary for each completed year of service.
- (vii) Encashment of leave at the end of the tenure as per the rules of the Company.

- (viii) Provision of car for use of company's business provided that the use of car for private purposes shall be billed by the Company to the Managing Director.
- (ix) Free telephone facility at residence that personal long distance calls shall be billed by the Company to the Managing Director.

Provided that the remuneration aforesaid including all perquisites, benefits and amenities shall be paid or allowed to the managing director as minimum remuneration in any year in the event of absence or inadequacy of the profits for any year.

Mr. Hemal Shah, Whole Time Director

Mr. Hemal Shah has been appointed as a Whole Time Director of the Company pursuant to the Special Resolution passed at the Extra Ordinary General Meeting held on November 3, 2004 for a period of 5 years with effect from October 12, 2004 to October 11th 2009 under the following terms and conditions as to remuneration:

1. He shall be paid salary Rs.11, 000/- per month with an annual increment of 10% every year.
2. Perquisites In addition to the salary mentioned herein above, the Whole Time Director shall also be paid the following perquisites and benefits within the limits mentioned against each of them respectively.
 - i) House rent allowance up to 25% of salary and free furniture, gas, electricity and water.
 - ii) Reimbursement of medical expenditure incurred for self and family subject to the ceiling of 1 month salary in a year or 3 months salary over a period of 3 years.
 - iii) Leave travel concession self and family once in a year in accordance with the rules of the Company.
 - iv) Personnel accident insurance for an amount, the annual premium for which shall not exceed Rs. 4000/-
 - v) Contribution to provident Fund and superannuation fund to the extent not taxable under the Income Tax Act.
 - vi) Gratuity at the rate of half month's salary for each completed year of service
 - vii) Encashment of leave at the end of tenure as per the rules of the Company.
 - viii) Provisions of car for use of company's business provided that the use of car for private purposes shall be billed by the company to the Whole Time Director.
 - ix) Free telephone facility at residence that personal long distance calls shall be billed by the company to the Whole Time Director.

Provided that the remuneration aforesaid including all perquisites, benefits and amenities shall be paid or allowed to the Whole Time Director as minimum remuneration in any year in the event of absence or inadequacy of the profits for any year.

Explanation: - For the purpose of above perquisites "family" means spouse, dependant children and dependant parents of the Whole Time Director. Provided the perquisites mentioned at Nos. i to iv here-in-above shall be restricted to an amount equal to annual salary.

Interest of Promoters and Directors

The Promoters, do not have any interest in the Company's business except to the extent of investments made by them in the Company and earning returns thereon. All the Company's Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them under the Articles. The Managing Director, is interested to the extent of remuneration paid to him for services rendered as officers or employees of the Amar Remedies Limited

All the Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their friends and relatives in the Company, or that may be purchased for and allotted to them out of the present issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as Directors, Members, partners and/or trustees.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by us with any company/entity of which they are promoter, in which they hold Directorships or any partnership or proprietorship firm in which they are partners or proprietor.

The Company has not entered into any contract, agreements or arrangement during the preceding two years from the date of the Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements are proposed to be made to them.

Borrowing powers of Directors

Article 59 of our AoA provides that, the Board may from time to time as its discretion, subject to the provisions of Sections 292 and 370 of the Act, raise or borrow from the Directors or from elsewhere and secure the payment of any sum or sums of moneys for the purposes of the Company; provided that the Board shall not, without the sanction of the Company in general meeting, borrow by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserve not set aside for any specific purpose

Article 60 the Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Revaluation of Assets

The Company has not revalued any of its assets except as detailed hereunder. The Company has been writing off its Revaluation Reserve Account every year and as on June 30, 2005 the credit balance appearing in the Revaluation Reserve Account is Rs. 1,77,29,854.41

Financial Year	Name of Assets	Amount	Depreciation Charged on Revalued Assets	Closing Balance
FY 2001	Land Factory Premises	58,41,241.00	--	58,41,241.00
		1,81,62,385.23	18,54,273.56	1,63,08,111.67
		2,40,03,626.23		2,21,49,352.67
FY 2002	Land Factory Premises	58,41,241.00	--	58,41,241.00
		1,63,08,111.67	16,30,811.17	1,46,77,300.50
		2,21,49,352.67		2,05,18,541.50
FY 2003	Land Factory Premises	58,41,241.00	--	58,41,241.00
		1,46,77,300.50	14,67,730.05	1,32,09,570.45
		2,05,18,541.50		1,90,50,811.45
FY 2004	Land Factory Premises	58,41,241.00	--	58,41,241.00
		1,32,09,570.45	13,20,957.05	1,18,88,613.41
		1,90,50,811.45		1,77,29,854.41
FY 2005	Land Factory Premises	58,41,241.00	--	58,41,241.00
		1,18,88,613.41	11,88,861.00	1,06,99,752.41
		1,77,29,854.41		1,65,40,993.41

Classes of Shares

The Company's Authorized Capital is Rs. 2,800 Lakhs, which is divided into 2,80,00,000 Equity Shares of face value of Rs. 10 each.

Payment or Benefit to Promoters or Officers of the Company

No amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our promoters or officers except the normal remuneration for services rendered as directors, officers or employees.

MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF OUR COMPANY

Capitalized terms used in this Section have the meaning given to such terms in the Articles of Association of our Company.

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of our Company are as follows:

‘TABLE A’ NOT TO APPLY

Article 2

Save as provided herein, the regulations contained in Table A, Schedule I of the Companies Act shall not apply to the Company.

SHARE

Article 5

The Authorized share capital of the Company is Rs.28, 00,00,000/- (Rupees Twenty Eight Crores Only) divided into 2,80,00,000 (Two Crores Eighty Lakhs) Equity Shares of Rs. 10/- (Rupees Ten) each.

Article 6

Subject to the provisions of these Articles shares shall be under the control of the Board who may allot or otherwise dispose of the same to such persons on such terms and conditions, and at such times, as the Board thinks fit. Provided that where at any time subsequent to the first allotment of shares, it is proposed to increase the subscribed capital of the Company by the issue of new shares, then, subject, to any directions to the contrary which may be given by the Company in general meeting, the Board shall issue each share in the manner set out in Section 81 (1) of the Act. Option or right to call of shares shall not be given to any person or persons except with the sanction of the Company in General Meeting.

Article 7

As regard all allotments made from time to time the Company shall duly comply with Section 75 of the Act.

Article 8

If the Company shall offer any of its shares to the public for subscription:

- (a) No allotment thereof shall be made, unless the amount stated in the prospectus as the minimum subscription has been subscribed, and the sum payable on application thereof has been paid to and received by the Company, but this provision shall no longer apply after the first allotment of shares offered to the public for subscription.
- (b) The Company shall comply with provision of sub-section (4) of Section 669 of the Act.

And if the Company shall propose to commence business on the footing of a statement in lieu of prospectus, the Board shall not make any allotment of shares payable in cash unless seven at least of the shares proposed to be issued shall have been subscribed for on a cash footing by seven members and the Section 70 of the Act shall have been complied with.

Article 9

The Company may exercise the powers of paying commissions conferred by Section 76 of the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said section and the commission shall not exceed 5 per cent of the price at which any shares, in respect whereof the same is paid, are issued or 2.5 per cent of the price at which any debentures are issued (as the case may be). Such commission may be satisfied by the payment of cash by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.

Article 10

Subject to the provisions of these Articles, the Company shall have power to issue preference Shares Carrying a right to redemption out of profits which would otherwise be available for dividend or out of the proceeds dividend or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or liable to be redeemed at the option of the Company and the Board may, subject to the provisions of Section 80 of the Act, exercise such power in such manner as may be provided in these Articles.

Article 11

With the previous authority of the Company in general meeting and the sanction of the Court and upon otherwise complying with Section 79 of the Act the Board may issue at a discount shares of a class already issued.

Article 12

If, by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof shall be payable by installments, every such installment shall be the member registered in respect of the share or by his executor or administrator.

Article 13

Members who are registered jointly in respect of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share.

Article 14

Save as herein otherwise provided, the Company shall be entitled to treat the member registered in respect of any shares as the absolute owner thereof and accordingly shall not, except as ordered by a Court of competent jurisdiction or as by statute required, be bound to recognize any equitable or other claim to or interest in such share on the part of any other person.

Article 15

Shares may be registered in the name of any person, company or other body corporate. Not more than four persons shall be registered jointly as members in respect of any share.

FURTHER ISSUE OF SHARES

Article 15A

1. Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital then:
 - a. Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.
 - b. Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
 - c. The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub-clause (b) hereof shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.
 - d. After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person (s) as they may think, in their sole discretion fit.
2. Notwithstanding anything contained in sub-clause (1) thereof, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause of sub-clause (1) hereof in any manner whatsoever).
 - a. If a special resolution to that effect is passed by the Company in General Meeting, or
 - b. Where no such special resolution is passed, if the votes cast (whether one show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who being entitled to do so vote in person or where proxies are allowed by proxy exceed the votes, if any, cast against the proposal by members, so entitled the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
3. Nothing in sub-clause (c) of (1) hereof shall be deemed:
 - a. To extend the time within which the offer should be accepted or
 - b. To authorize any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

4. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attaches to the debenture issued or loans raised by the Company.

- I. To convert such debentures or loans into shares in the Company: or
- II. To subscribe for shares in the Company (whether such option is conferred in these Article or otherwise).

PROVIDED THAT the terms of such debentures or the terms of such loans include a term providing for such option and such term:

- a. Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with rules is any made by that Government in this behalf and
 - b. In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.
5. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provision of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued shall be deemed to be fully paid shares. Provided that option or right to call or shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

CERTIFICATE

Article 16

Subject to the provisions of the Companies (issue of Share Certificates) Rules, 1960, or any statutory modification or re-enactment thereof share scripts shall be issued as follows: -

- a. The certificate of the shares and duplicate thereof, when necessary, shall be issued under the Seal of the Company which shall be affixed in the presence of (i) two Directors or a Director and a person acting on behalf of another Director under a duly registered power of attorney or two persons acting as attorneys for two Directors as aforesaid: and (ii) the Secretary or some other person appointed by the Board for the purpose, all of whom shall sign such share certificate: provided that if the composition of the Board permits of it, at least, one of the aforesaid two directors shall be a person other than a Managing or whole Time director.
- b. Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within the month of the receipt of application of registration of transfer, transmission, sub-divisions, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holder.
- c. If any certificate be torn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer then upon production and surrender thereof to the Company a new Certificate may be issued in lieu thereof and if any certificate lost or destroyed then upon roof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given an a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

- d. Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act, or rules applicable in this behalf.
- e. The provisions of this Article shall *mutates-mutandis* apply to debentures of the Company.
- f. Where a new share certificate has been issued in pursuance of the last preceding Article, particulars of every such certificate shall also be entered in a Register of Renewed and Duplicate Certificate indicating against the name of the person to whom the certificate in lieu of which the new certificate is issued and the necessary changes indicated in the Register or Members by suitable cross-references in the "Remarks" column. All entries made in the Register or Renewed and Duplicate Certificates shall be authenticated by the Secretary or such other person as may be appointed by the Board for purposes of sealing and signing the share certificate under paragraph (a) hereof.

DEMATERIALISATION

Article 16 A

Definition for the purpose of this Article:

- (i) "Depositories Act" means the Depositories Act, 1996, including any statutory modifications or re-enactment thereof for the time being in force and it includes where appropriate, the Rules made there under.
- (ii) 'SEBI' means the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992.

Words expressions used and not defined in this Article shall have the meaning assigned to them in the Depositories Act.

The provisions contained in this Article shall prevail notwithstanding anything to the contrary in any other Article.

- (iii) "Dematerialization / Rematerialization of Securities.
The Company shall be entitled to dematerialize its securities and offer fresh securities in physical or dematerialized form in terms of and in conformity with the Depositories Act and extant Regulations in force and confirming to the Byelaws of the Depositories.
- (iv) Provisions of Articles to apply to securities held in depository
Except specifically provided in these Articles, the provisions relating to Joint-holders of shares, calls, lien on shares forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in depository.
- (v) Transfer of securities
Transfer of securities held in Depository shall be governed by the Depositories Act and extant Regulations in force.
- (vi) Board to Decide on Depository
The Board in its discretion shall decide the effective date from which depository option will be made available to the members.

CALLS

Article 17

The Board may from time to time, subject to the terms on which any shares may have been issued, and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the person and at the times and places appointed by the Board. A call may be made payable by installments and shall be deemed to have been made when the resolution of the Board authorizing such call was passed.

Article 18

If a sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the member for the time being in respect of the share for which the call shall been made or the installment shall have been made or the installment shall be due shall pay interest for the same at the rate of 12 percent per annum from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine.

Article 19

No call shall exceed one-half of the nominal amount of a share, or be made payable within one month after the last preceding call was payable. Not less than fourteen day's notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

Article 20

If by the term of issue of any share or otherwise any amount is made payable at any fix time or by installments at fixed times, whether on account of the amount or installment shall be payable as if it were a call duly made by the Board and of which due notice had been given, and all the provision herein contained in respect of calls shall relate to such amount or installment accordingly.

Article 21

On the trial or hearing of any action or suit brought by the Company against any member or his representative to recover and debt or money claimed to be due to the Company in respect of his share. It shall be sufficient to prove that the name of the defendant is, or was, when the claim arose on the Register as a holder, or one of the members in respect of the share for which such claim is made, and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Board who made any call, nor that a quorum was present at the Board meeting at which any call was made was duly convened or constituted, nor any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Article 22

The Directors may, if they think fit subject to the provisions of section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the amount so paid or satisfied in advance or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The Provisions of these Articles shall *mutatis-mutandis* apply to the calls on debentures of the Company.

Article 23

A call may be revoked or postponed at the discretion of the Board.

FORFEITURE AND LIEN

Article 24

If any member fails to pay any call or installment on or before the day appointed for the payment of the same the Board may at any time thereafter during such time as the call of installments remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

Article 25

The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

Article 26

If the requisitions of any such notice as aforesaid be not complied with any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Article 27

When any share shall have been forfeited, notice of the resolution shall be given to the member whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

Article 28

Any share so forfeited shall be deemed to be the property of the Company and the Board may sell re-allot or otherwise dispose of the same in such manner as it thinks fit.

Article 29

The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of annual the forfeiture thereof upon such conditions as it thinks fit.

Article 30

A person whose share has been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remains liable to pay, and shall forthwith pay to the Company, all the calls or installments, interest and expenses, owing upon or in respect of such shares at the time of forfeiture together with interest thereon, from the time of forfeiture until payment at 12 per cent per annum and the Board may enforce the Payment thereof, or any part thereof without any deduction or allowance for the value of shares at the time of forfeiture , but shall not be under any obligation to do so.

Article 31

A duly verified declaration in writing that the declareant is a Director of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares and the person to whom any such shares is sold shall be registered as the member in respect of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture sale or disposition.

Article 32

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid – up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as waiver of the Company's lien if any, on such shares / debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

Article 33

For the purpose of enforcing such lien the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have arrived and until notice in writing of the intention to sell shall have been served on such member his executor or administrator or his committee, curator bonus or other legal representative as the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such share for seven days after the date of such notice.

Article 34

The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the presently payable as existed upon the share before the sale be paid to the person entitled to the share at the date of the sale.

Article 35

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the share sold, and the purchaser shall not be bound to see to the regularity of the proceedings nor to the application of the purchase money, and after his name has been entered in the Register in respect of such share and validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

Article 36

Where any share under the powers in that behalf herein contained is sold the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such share the Board may issued a new certificate for such share distinguishing it in such manner as it may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION

Article 37

Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the Letter of Allotment of the share. The instrument of and occupation (if any) of the transferee, and the transferor shall be deemed to remain the member in respect of such share until the name of transferee is entered in the Register in respect of thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address.

Article 38

Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that, where such application is made by the transferor, no registration shall in the case of partly paid share be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of this notice, enter in the Register the name of transferee in the same manner and subject to the same conditions as if the application of the transfer was made by the transferee.

Article 39

The instrument of transfer shall be writing and all provisions of Section 108 of the Companies Act, and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

Article 40

The provisions of Section 111 of Companies Act, 1956 regarding powers to refuse Registration of Transfer and appeal against such refusal should be adhered to. Provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company has lien on shares. Transfer of shares/debentures in whatever lot shall not be refused.

Article 41

No transfer shall be made to a minor or person of unsound mind.

Article 42

Every instrument of transfer shall be left at the office for registration accompanied by the certificate of the share to be transferred or, if no such certificate is in existence by the letter of allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer, which shall be registered, shall be retained by the Company, but any instrument of transfer, which the Board may refuse to register, shall be returned to the person depositing the same.

Article 43

If the Board refuses to register the transfer of any share the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal.

Article 44

No fee shall be charged for registration of transfer, transmission, probate, Succession, Certificate and letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

Article 45

The executor or administrator of a deceased member not being one of several members registered jointly in respect of a share shall be the only person recognized by the Company as having any title to the share registered in the name of such member, and, in case of the death of any one or more of the members registered jointly in respect of any share the survivor shall be the only person recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased member from any liability on the share held by him jointly with

any other person. Before recognizing any executor or administrator the Board may require him to obtain to Grant of Probate or Letters of Administration or other legal representation, as the case may be from a competent court in India and having effect in Bombay. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of Probate of Letters of Administration or such other legal representation upon such terms as to indemnity or otherwise as the Board, in its absolute discretion, may consider adequate.

Article 46

Any committee of guardian of a lunatic or minor member or any person becoming entitled to or to transfer a share in consequences of the death or bankruptcy or insolvency of any member upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give) be registered as a member in respect of such share, or may, subject to the regulations as to transfer hereinbefore contained, transfer such share. This Article is hereunder referred to as "The Transmission Article".

Article 47

1. If the person so becoming entitled under the transmission Article shall elect to be registered as member in respect of the share himself, he shall delivered or send to the Company a notice in writing signed by him stating that he so elects.
2. If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.
3. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice or transfer as aforesaid as if the death lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer signed by that member.

Article 48

A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of a member shall, subject to the provisions of Article 80 and of Section 206 of the Act, be entitled to the same dividends and other advantages to which he would be entitled if he were the registered member in respect of the share. Provided that the Board may at any time give notice requiring any such person to elect either to be registered himself or to transfer the share, if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with.

INCREASE AND REDUCTION OF CAPITAL

Article 49

The Company in general meeting may from time to time increase the capital by the creation of new shares of such amount as may be deemed expedient.

Article 50

Subject to any special rights or privileges for the time being attached to any shares in the capital of the Company then issued, the new shares may be issued upon such terms and conditions, and with such rights and privileges attached thereto as the general meeting resolving upon the creation thereof shall direct, and, if no direction be given as the Board shall determine, and in particular such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company.

Article 51

Before the issue of any new shares, the Company in general meeting may make provisions as to the allotment and issue of the new shares, and in particular may determine to whom the same shall be offered in the first instance the provisions of Section 79 of the Act, at a discount in default of any such provisions, or so far as same shall not extend, the new shares may be issued in conformity with the provisions of Article.

Article 52

Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the then existing Capital of the Company, and shall be subject to the provisions herein contained with reference to the payment of calls and instruments, transfer and transmission forfeiture lien and otherwise.

Article 53

If owing to any inequality in the number of new shares to be issued, and the number of shares held by members entitled to have the offer of such new shares any difficulty shall arise in the apportionment of such new shares or any of them amongst the members, such difficulty shall, in the absence of any direction in the resolution creating the shares or by the Company in general meeting, be determined by the Board.

Article 54

The Company may from time to time by Special Resolution, reduce its capital and any capital Redemption Reserve Fund or share premium account in any manner and with and subject to any incident authorized and consent required by law.

ALTERATION OF CAPITAL

Article 55

The Company in General Meeting may

- a. Consolidate and divide all or any of its share capital into shares of large amount than its existing shares.
- b. Sub-divide its existing shares; or any of them into shares of smaller amount than is fixed by the Memorandum so however that in the sub-division the proportion between the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived.
- c. Cancel any shares which at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount its share capital by the amount of the shares so cancelled.
- d. Convert all or any of its fully paid shares into stock and re-convert that stock into fully paid up shares of any denomination.

Article 56

The resolution whereby any share is sub-divided may determine that as between the holders of the shares resulting from such sub-divisions, one or more of such shares shall have some preference or special advantage as regards dividend, capital, voting or otherwise over or compared with the others or other subject nevertheless to the provisions of Sections 85, 87, 88 and 106 of the Act.

Article 57

Subject to the provisions of Section 100 to 105 inclusive of the Act, the Board may accept from any number the surrender on such terms and conditions, as shall be regard of all or any of his shares.

MODIFICATION OF RIGHTS

Article 58

Whenever the capital (by reason of the issue of Preference Shares or otherwise) is divided into different classes of shares, all or any of the rights and privileges attached to each class may subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, effected, abrogated varied or dealt with by agreement between the Company and any person such agreement is (A) consented to in writing by the holders of at least three-fourths of the issued shares of that class or (B) sanctioned by resolution passed at a separate general meeting of the holders of Shares of that class in accordance with Section 106(1)(b) of the Act and all the provisions hereinafter contained as to general meetings shall mutatis, mutandis apply to every such meeting, except that the quorum thereof shall not less than two persons holding or representing to proxy one-fifth of the nominal amount of the issued shares of the class. This Article is not by implications to curtail the power of modification, which the Company would have if this Article were omitted. The Company shall comply with the provisions of Section 192 of the Act to forwarding a copy of any such agreement or resolution to the Register.

BORROWING POWERS

Article 59

The Board may from time to time as its discretion, subject to the provisions of Sections 292 and 370 of the Act, raise or borrow from the Directors or from elsewhere and secure the payment of any sum or sums of moneys for the purposes of the Company; provided that the Board shall not, without the sanction of the Company in general meeting, borrow by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserve not set aside for any specific purpose

Article 60

The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Article 61

Any debentures, debentures-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

Article 62

Save as provided in section 108 of the Act no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificates of the debentures.

Article 63

If the Board refuses to register the transfer of any debentures the Company shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor of the refusal.

GENERAL MEETINGS

Article 64

The Statutory Meeting of the Company shall, as required by Section 165 of the Act, be held at such time being less than one month nor more than six months from the date at which the Company shall be entitled to commence business and at such place as the Board may determine and the Board shall comply with the other requirements of that Section as to the report to be submitted and otherwise.

Article 65

In addition to any other meetings, general meeting of the Company shall be held within such intervals as are specified in Section 166(1) of the Act and subject to the provisions of Section 166(2) of the Act, at such times and places as may be determined by the Board. Each such general meeting shall be called as an "Annual General Meeting " and shall be specified as such in the notice convening the meeting. Any other meeting of the Company shall except in the case where as Extraordinary General Meeting is covered under the provisions of the next following Article, be called as a "General Meeting".

Article 66

The Board may, whenever it thinks fit, call a general meeting and it shall on the requisition of such number of members as hold, at the date of the deposit of the requisition not less than one-tenth of such of the paid up capital of the Company as at the date carried the right of voting in regard to the manner to be considered at the meeting, forthwith proceeding call an Extraordinary General Meeting and in the case of such requisition the following provisions shall apply:-

1. The requisition shall state the matters for the consideration of which the meeting is to be called, shall be signed by the requisitioners and shall be deposited at the office. The requisition may consist of several documents in like form each signed by one or more requisitioners.
2. Where two or more distinct matters are specified in the requisition the requisition shall be valid only in respect of those matters in regard to which the requisition has been signed by the member or members herein before specified.

3. If the Board does not within twenty-one days from the date of deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of these matters on day on a day not later than forty-five days from the date of deposit, the requisitionists or such of them as are enabled so to do by virtue of Section 169(6)(b) of the Act may themselves call the meeting but any meeting so called not be commenced after three months from the date of deposit.
4. Any meeting called under this Article by the requisitionists shall be called in the same manner as nearly as possible as that in which meetings are to be called by the Board shall be held at the office.
5. Where two or more persons hold any shares jointly a requisition or notice calling a meeting signed by one or some of them shall for the purposes of this Article have the same force and effect as if it had been signed by all of them.
6. Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of less or other remuneration for their services to such of the Directors as are in default.

Article 67

The Company shall comply with the provisions of Section 188 of the Act as to giving notice of resolutions and circulating statements on the requisition of members.

Article 68

Save as provided in sub-section (2) of Section 171 of the Act not less than twenty-one days' notice shall be given of every general meeting of the Company. Every notice of a meeting shall specify the place and the day and hour of the meeting and shall contain a statement of the business to be transacted thereat. Where any such business consists of "Special Business" as hereinafter defined there shall be annexed to the notice a statement complying with Section 173(2) and (3) of the Act.

Nothing of every meeting of the Company shall be given to every member of the Company, to the Company, to the Auditors of the Company and to persons entitled to share in consequence of the death or insolvency of a member in any manner hereinafter authorized for the giving of notice to such persons.

The accidental omission to give any such notice to or the non-receipt by any member or other person to whom it should be given shall not invalidate the proceedings of the meeting.

PROCEEDINGS AT GENERAL MEETINGS

Article 69

The ordinary business of an Annual General Meeting shall be to receive and consider the Profit and Loss Account, the Balance Sheet and the reports of the directors and of the auditors and fix their remuneration and to declare dividends. All other business transacted at an annual general meeting and all business transacted at any other general meeting shall be deemed special business.

Article 70

No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Save as herein otherwise provided five members present in person shall be a quorum.

Article 71

Any act or resolution which, under the provisions of these Articles or of the Act, is permitted or required to be done or passed by the Company in general meeting shall be sufficiently so done or passed if elected by an Ordinary Resolution as defined in Section 189(1) of the Act unless either the Act or these Articles specifically require such act to be done or resolution passed by a Special Resolution as defined in Section 189(2) of the Act.

Article 72

The Chairman of the Board shall be entitled to take the chair at every general meeting. If there be such Chairman, or if at any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting, or in unwilling to act, the members present shall choose another Director as Chairman, and if no Director is present, or if all the Directors present decline to take chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their members being a member entitled to vote, to be chairman.

Article 73

If within half-an-hour from the time appointed for the meeting a quorum be not present, the meeting, if conveyed upon such requisition as aforesaid, shall be dissolved; but in any other case it stand adjourned to the same day in the next week, at the time and place, or to such other day and at such time and place as the Board may be notice appoint and if at such adjourned meeting a quorum be not present, those members who are present and not being less than two shall be a quorum and may transact the business for which the meeting was called.

Article 74

Every question submitted to a meeting, shall be decided in the first instance by a show of hands, and in the case of an equality of votes, both on a show of hands and on a poll, the Chairman of the meeting shall have a casting of vote in addition to the vote to which he may be entitled as a member.

Article 75

At any general meeting, unless a poll is (before or on the declaration of the result of the show of hands) demanded by Chairman of his own motion or by the members having not less than one tenth of the total voting power or having paid up share capital of not less than Rs. 1,00,000/- and having the right to vote on the resolution in question and present in the person or by any member or members present in a person or by proxy and holding shares in the Company conferring a right to vote on such resolution, a declaration by the Chairman that the resolution has or has not been carried, either unanimously, or by a particular majority, and an entry to that effect in book containing the minutes of the proceeding of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against the resolution.

Article 76

1. If a poll demanded as aforesaid it shall be taken forthwith on question of adjournment or election of a Chairman and in any other case in such manner and such time, not being later than forty-eight hours from the time when the demanded was made, and at such place at the Chairman of the meeting directs, and subject as aforesaid either at once or after an interval or adjournment or otherwise, and the result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was demanded.
2. The demand of a poll may be withdrawn at any time.
3. Where a poll is to be taken the Chairman of the meeting shall appoint two scrutineers, on each at least of whom shall be a member (not being an officer or employee of the Company) present at a meeting provided such member is available and willing to be appointed to scrutinize the votes given on the poll and to report to him thereon.
4. On a poll a member entitled to more than one vote, or his proxy or other person entitled to vote from him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
5. The demand of the poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded

Article 77

The Chairman of a general meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at meeting from which the adjournment took place.

When a meeting is adjournment it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

VOTES OF MEMBERS

Article 78

Save as hereinafter provided, on a show of hands every member present in person and being a member registered in respect of Ordinary Shares shall have one vote and every person present either as a General Proxy (as defined in Article 83) on behalf of a member registered in respect of Equity Shares, if he is not entitled to vote in his own right, or as a duly authorized representative of a body corporate, being a member registered in respect of Equity Shares, shall have one vote.

Save as hereinafter provided, on a poll the voting rights of a member registered in respect of Equity Shares shall be as specified in Section 87 of the Act.

The members registered in respect of the Preference Shares shall not be entitled to vote at general meetings of the Company except:

- (i) One any resolution placed before the Company at a general meeting at the date of which the dividend due or any part thereto remains unpaid in respect of an aggregate period of not less than two years proceeding the date of commencement of such meeting and for this purpose the dividend shall be deemed to be due yearly on the 30th day of September In each year in respect of the yearly period ending on the preceding 31st day of March whether or not such dividend has been declared by the Company or
- (ii) On any resolution placed before the Company, which directly effects the rights, attached to the Preference Shares and for his purpose any resolution for the winding up of the Company or for the repayment or reduction of its share capital shall be deemed to effect the rights attached to such shares. Where the members registered in respect of any Preference Shares has a right to vote on any resolution in accordance with the provisions of this Article, his voting rights on a poll as such member shall, subject to any statutory provisions for the time being, applicable, be in the same proportion as the capital paid up on the Preference Shares bears to the total paid up Equity Share Capital of the Company for the time being as defined in Section 87(2) of the Act.

Provided that no company or body corporate shall vote by proxy so long as a resolution of its Board of Directors under the Provisions of Section 187 of the Act is in force and the representative named in such resolution is present at the general meeting at which the vote by proxy is tendered.

Article 79

Where a Company or to body corporate (hereinafter called "Member Company") is a member of the Company, a person, duly appointed by resolution in accordance with the provisions of Section 187 of the Act to represent such member company at a meeting of the Company, shall not by reason of such appointment, be deemed to be a proxy, and the production at the meeting of a copy of such resolution duly signed by one Director of such member company and certified by him as being a true copy of the resolution shall on production at the meeting , the validity of his appointment. Such person shall be entitled to exercise the same rights and power, including the rights to vote by proxy on behalf of the member company, which he represents as, that Member Company could exercise.

Article 80

Any person entitled under the Transmission Article to transfer any shares may vote at any general meeting in respect thereof in the same manner as if he were the member registered in respect of such shares provided that forty eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposed to vote he shall satisfy the Board of his right to transfer such shares, unless the Board shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or *non-coposement* is he may vote whether on a show of hands or at a poll by his committee curator bonus or other legal curator and such last mentioned persons may give their votes by proxy.

Article 81

Where there are members registered jointly in respect of any share any one of such person may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto; and if more than one of such members be present at any meeting either personally or by proxy, that on of the said members so present whose name stands first on the Register in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purpose of this Article be deemed to be members registered jointly in respect thereof.

Article 82

On a poll vote may be given either personally or by proxy, or, in the case of a body corporate, by a representative duly authorized as aforesaid.

Article 83

The instrument appointing a proxy shall be in writing under the hands of the appointer or of his Attorney duly authorized in writing or if such appointer is a body corporate be under its common seal or the hand of its officer or Attorney duly authorized. A proxy who is appointed for a specified meeting only be called a special proxy. Any other proxy shall be called a General Proxy.

A person may be appointed a proxy though he is not a member of the Company and every notice convening a meeting of the Company shall state this and that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him.

Article 84

The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed, or a notorially certified copy of that power or authority, shall be deposited at the office not less than forty eight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument purports to vote in respect thereof and in default the instrument of proxy shall be treated as valid.

Article 85

A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity revocation or transfer of the share shall have been received by the Company at the office before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Article 86

Every instrument appointing a special proxy shall be retained by the Company and shall as nearly as circumstances will admit be in any of the forms set out in Schedule IX of the Act.

Article 87

No member shall be entitled to exercise any voting rights either personally or buy proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised any right of lien.

Article 88

a. Any objections as to the admission or rejection of a vote, either on a show of hands, or on a poll made in due time, shall be referred to the Chairman who shall forthwith determine the name, and such determination made in good faith shall be final and conclusive.

b. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for the purposes.

DIRECTORS

Article 89

1. Subject to the provisions of Section 252 of the Companies Act, 1956 and until otherwise determined by special Resolution the number of the Directors of the Company shall not be less than three nor more than twelve.

2. If at any time the Company obtains any loans from any financial institution and /or any Central or State Government referred to in this Article as "The Corporation" or enters into underwriting arrangements with the Corporation and it is a term of such loan of the underwriting arrangements that the Corporation shall have the right to appoint one or more Directors, then subject to the terms and conditions of such loans, or underwriting arrangements the Corporation shall be entitled to appoint one or more Directors, as the case may be to the Board of Directors of the Company and to remove from office any Directors, so appointed and to appoint another in his place or in the place of a director so appointed who resigns or otherwise vacates his office. Any such appointment or removal shall be made in writing and shall be signed by the Corporation or by any person duly authorized by it and shall be served at the office of the Company. The Director or Directors so appointed shall not be liable to retire by rotation of Directors in accordance with the provisions of these Articles.

Article 90

Not less than two thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation.

Article 91

The persons hereinafter named shall become and be the first Director of the Company that is to say:

1. Mr. Pravin N. Shah
2. Ms. Sonal D.Mehta
3. Ms. Pratima P Shah
4. Mr. Dilip S. Mehta

Article 92

The Board shall have power at any time and from time to time to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Directors so appointed shall hold office only until the next Annual Meeting of the Company and shall then be eligible for re-election.

Article 93

The Director shall not be required to hold any qualification shares.

Article 94

Each Director shall be entitled to receive out of the funds of the Company for attending meeting of the board or committee of the board or any of these adjourned sittings, for each meeting of the board or committee respectively attended by him a sum not exceeding the limits prescribed under Section 301 of the Act or such smaller sum as may be determined by the Board

Article 95

The Director shall be entitled to receive a commission (to be divided between them in such manner as they shall from time to time determined and in default of determination, equally) of one per cent of the Company (computed in the manner referred to in subsection (1) of Section 198 of the Act in any financial year. All other remuneration, if any, payable by the Company to each Director, whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company shall be determined in accordance with the subject to the provisions of these Articles and of the Act. The Directors shall be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attending Board and Committee meetings, and otherwise incurred in the execution of their duties as Directors.

Article 96

If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from Bombay for any of the purposes of the Company or in giving special attention to the business of the Company or as a member of a Committee of the Board then subject to Section 198,309 and 310 of the Act, the Board may remunerate the Director so doing either by a fixed sum or by a percentage of profits or otherwise and such remuneration to which he may be entitled.

Article 97

The continuing Directors may at notwithstanding any vacancy in their body but so that if the number falls below the minimum above fixed the Board shall not, except for the purpose of filling vacancies, act so long as the number is below the minimum.

Article 98

The office of the Director shall ipso facto be vacated if at any time he commits any of the acts as set out in Section 283 of the Act.

Article 99

No Director, no partner, or relative of a Director, no firm in which a Director or his relative is a partner, no private company of which a Director is a Director or member and no Director or manager of such a private company shall without the previous consent of the Company of profit under the Company or under any subsidiary in respect of such office or place is paid over to the Company or its holding Company in so far as such remuneration is over and above the remuneration to which he is entitled as a Director of such subsidiary except that of a Managing Director, Secretaries and Treasures, Manager, legal or technical adviser, banker or trustee for the holders of debentures.

Article 100

A Director of this Company may be or become a Director of any other Company promoted by this company or in which it may be interested as a vender, shareholder or otherwise, and no such Director shall be accountable for any benefits received as a Director or member of such Company.

Article 101

Subject to the provisions of Section 297 of the Act a Director neither shall be disqualified from contracting with the Company either as vender, purchase or otherwise goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or on behalf of the Company with a relative of such Director, or a firm in which such Director or relative is a partner or with any other partner in such firm or with a private company of which such Director is a member or Director be avoided nor shall any Director so contracting or being such member or so interested be payable to account of the Company for any profits realized by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established.

Article 102

Every Director who is in any way whether directly or indirectly concerned or interested in a contract or arrangement, entered into or to be entered into by or on behalf of company shall disclose the nature of his concern or interest at a meeting of the Board as required by Section 299 of the Act. A general notice, renewable in the last month of each financial year of the Company that a Director is a Director or a member of any specified body corporate or is member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that body corporate or firm shall be sufficient disclosure or concern or interest in relation to any contract or arrangement so made and after such general notice, it shall not be necessary to give special notice relating to any or firm, provided such general notice is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

Article 103

No Director shall, as a Director, take any part in the discussion of or vote on any contract or arrangement in which he is any way, whether directly or indirectly concerned or interested, nor shall his presence count for the purpose of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to (a) any contract or indemnity against any loss which the Directors or any of them may suffer by reason of becoming or being sureties or a surety for the Company; or (b) any contract or arrangement entered into or to be entered into by the Company with a public company, or with a private company which is a subsidiary of a public company, in which the interest of the Director consist solely in his being a director of such Company or value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such director by the Company.

ROTATION OF DIRECTORS

Article 104

At each Annual General Meeting of the Company one- third of such of the Directors for the time being as are liable to retire by rotation, or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office. An additional Director appointed by the Board under Article 92 hereof shall not be liable to retire by rotation within the meaning of this Article.

Article 105

The Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day those to retire shall in default of and subject to any arrangement among them, be determined by lot.

Article 106

Save as permitted by Section 263 of the Act, every resolution of the General Meeting for the appointment of a Director shall relate to one named individual only.

Article 107

The Company at the Annual General Meeting at which a Director retires by rotation in manner aforesaid may fill up the vacated office by appointing the retiring Director or some other person thereto.

If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is public holiday, till the next succeeding day which is not a public holiday at the same time and place. If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless;

- a. at the meeting or at the previous meeting a resolution for the re-appointment or such Director has been put to the vote and lost; or
- b. the retiring Director has by notice in writing addressed to the Company or the Board expressed his unwillingness to be reappointed ; or
- c. he is not qualified for appointment ; or
- d. a resolution, whether special or ordinary is required for his appointment or re-appointment in virtue of any provisions of the Act; or
- e. the provisions of sub-section (2) of section 263 of the Act is applicable to the case.

Article 108

The Company may, subject to the provisions of Section 284 of the Act, by ordinary resolution of which Special Notice has been given, remove any Director before the expiration of his period of office and may by ordinary resolution of which Special Notice has been given appoint another person in his stead, if the Director so removed was appointed by the Company in general meeting or by the Board under Article 109. The person so appointed shall hold office if he had not been so removed. If the vacancy created by the removal of a Director under the provisions of this Article is not so filled by the meeting at which he is removed the Board may at any time thereafter fill such vacancy under the provisions of Article 109.

Article 109

If any Director appointed by the Company in general meeting vacates office as a Director before his term of office will expire in the normal course the resulting casual vacancy may be filled up by the Board at a meeting of the Board but any person so appointed shall retain his office so long only as the vacating Director would have retained the same if no vacancy had occurred. Provided that the Board may not fill such a vacancy by appointing thereto any person who has been removed from his office as Director under Article 108.

Article 110

No person not being a retiring Director shall be eligible for appointment to the office of Director at any general meeting unless he or some member intending to propose him has not less than fourteen days before the meeting left at the office a notice in writing under his hand signifying his candidature for the office of director or the intention of such member to propose him as a candidate for that office as the case may be and has deposited a sum of Rs. 500 with the Company which shall be refunded in case the candidate is elected as Director otherwise the same will be forfeited.

PROCEEDING OF DIRECTORS

Article 112

The Board shall meet together at least once in every three months for the dispatch of business and may adjourn and otherwise regulate its meetings and proceedings as it thinks fit. Notice in writing of every meeting of the Board shall be given to every Director for the time being in India, and at his usual address in India to every other Director. Unless otherwise determined from time to time at any time by the consent of all Directors for the time being in India, meetings of the Board shall take place at the office.

Article 113

A Director may, at any time, convene a meeting of the Board.

Article 114

If at any meeting of the Board, the chairman be not present within five minutes after the time appointed for holding the same, the Directors present shall choose some one of their members to be Chairman of such meeting.

Article 115

The quorum of a meeting of the Board shall be determined from time to time in accordance with the provisions of Section 287 of the Act. If a quorum shall not be present within fifteen minutes from the time appointed for holding a meeting of the Board, it shall be adjourned until such date and time, as the Chairman of the Board shall appoint.

Article 116

A meeting of the Board at which a quorum be present shall be competent to exercise all or any of the authorities, power and discretions by or under these Articles for the time being vested in or exercisable by the Board.

Article 117

Subject to the provisions of Section 316, 372(4) and 336 of the Act, questions arising at any meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman shall have a second or casting vote.

Article 118

The Board may, subject to the provisions of the Act, from time to time and at any delegate any of its powers to a committee consisting of such Director or Directors as it thinks fit, and may from time to time revoke such delegation. Any Committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

Article 119

The meetings and proceedings of any Committee consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Board so far as the same are applicable thereto, and are not superseded by any regulations, made by the Board under the last preceding Article.

Article 120

Acts done by a person, as a Director shall be valid, notwithstanding that it may afterwards be discovered that his appointment was invalid by reason of any defect or disqualification or had terminated by virtue of any provisions contained in the Act or in these Articles. Provided that nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have terminated.

Article 121

Save in these cases where a resolution is required by Sections 262, 292, 297, 316, 372(4) and 386 of the Act, to be passed at a meeting of the Board, a resolution shall be as valid and effectual if it had been passed at a meeting of the Board or committee of the Board, as the case may be, duly called and constituted, if a draft thereof in writing is circulated, together with the necessary papers, if any to all the Directors, or to all the members of the committee of the Board, as the case may be, then in India (not being less in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members of the Committee at their usual address in India, and has been approved by such of them as are then in India or by a majority of such of them, as are entitled to vote on the resolution.

DIVIDENDS

Article 133

Subject to the rights of members entitled to shares (if any with preferential or special rights attached thereto, the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the ordinary shares of the Company but so that a partly paid up share shall only entitle the member in respect thereof such a proportion of the distribution upon a fully paid up shares as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, rank for dividend confer a right to participate in profits.

Article 134

The Company in general meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.

Article 135

No longer shall dividend be declared than is recommended by the Board but the Company in general meeting may declare a smaller dividend.

Article 136

No dividend shall be payable except out of the profits of the Company or out of the moneys provided by the General or State Government for the payment of the dividend in pursuance of any guarantee given by such Government.

Article 137

The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

Article 138

The Board may, from time to time, pay to the members such interim dividends as appears to the Board to be justified by the profits of the Company.

Article 139

The Board may deduct from any dividend payable to any member all sums of moneys, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company

Article 140

Any general meeting declaring dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the member, be set off against the call.

Article 141

.Any general meeting declaring a dividend may resolve that such dividend be paid wholly or in part by the distribution of specific assets and in particular of paid up shares, debentures or debenture-stock of the Company or paid up shares, debentures or debenture-stock of any other company, or in any one or more of such ways.

Article 142

A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer by the Company.

Article 143

No dividend shall be paid respect of any share except to the member registered in respect of such shares or to his orders or to his bankers but nothing contained in this Article shall be deemed to require the bankers of a member to make a separate application to the Company for the payment of the dividend.

Article 144

Any one of several persons who are members registered jointly in respect of any share may give effectual receipts for all dividends, bonuses and other payments in respect of such share.

Article 145

Notice of any dividend whether interim or otherwise, shall be given to the persons entitled to share there in the manner hereinafter provided.

Article 146

Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other moneys payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the member or in the case of members registered jointly to the registered address of the first named in the Register or to such person and such address as the member or members, as the case may be, may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.

Article 147

When the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "unpaid Dividend of M/s. Limited and transferred to the said account the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted. Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of five years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund established by the Central Government. A claim to any money so transferred to the above fund may be preferred to Central Government Committee appointed by the Central Government by the Shareholders to whom the money is due. No unclaimed or unpaid dividend shall forfeited by the Board.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Red Herring Prospectus, have been delivered to RoC for registration and also the documents for inspection referred to hereunder, may be inspected at Registered Office of our Company situated at 207, Roop Raj Building, 2nd Floor, 497, S. V. P. Road, Opera House, Mumbai 400004 from 10.00 a.m. to 4.00 p.m. on working days from the date of this Red Herring Prospectus until the Bid/ Issue Closing Date.

Material Contracts

1. Letter dated September 13, 2004 from us appointing Allianz Securities Limited appointing them as the Book Running Lead Manager and their acceptance thereto.
2. Memorandum of Understanding between Amar Remedies Limited and Allianz Securities Limited dated December 14, 2004
3. Agreement between Amar Remedies Limited and Intime Spectrum Registry Limited dated November 8, 2004

Documents for Inspection

1. The Memorandum and Articles of Association of our Company, as amended from time to time;
2. Original Certificate of Incorporation of our Company dated April 18, 1984;
3. Second Certificate of Incorporation of our Company dated September 5, 1995;
4. Revised Certificate of Incorporation of our Company dated September 6, 1995;
5. Special Resolution passed by the shareholders of our Company pursuant to Section 81 (1A) of the Companies Act, at an Extra Ordinary General Meeting held on November 3, 2004;
6. Copies of Annual Reports of our Company for the FY ended June 30, 2001, June 30, 2002, June 30, 2003, June 30, 2004 and June 30, 2005.
7. Report of our Statutory Auditors, M/s. Shyam C. Agrawal & Co. dated July 15, 2005 as per Indian GAAP and as mentioned in this Red Herring Prospectus;
8. A copy of the tax benefit report dated July 15, 2005 from our Statutory Auditors, M/s. Shyam C. Agrawal & Co.;
9. Consent of our Statutory Auditors, M/s. Shyam C. Agrawal & Co. for inclusion of their report on accounts in the form and context in which they appear in this Red Herring Prospectus;
10. Consents of Auditors, Bankers to the Company, BRLM, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Banker(s) to the Issue, Legal Counsel to the Issue, Legal Advisors to the Company, Directors of the Company, Company Secretary, Whole Time Director cum Compliance Officer, as referred to, in their respective capacities;
11. Resolution of the meeting of Board of Directors held on May 2, 2003 for formation of the Company's Audit Committee;
12. Resolution of the members of the Company passed at their EGM held on May 26, 2005 appointing Mr. Sagar P Shah as Managing Director of the Company and approving the remuneration payable to him;
13. Resolution of the members of the Company passed at their EGM held on November 3, 2004 appointing Mr. Hemal Shah as Whole Time Director of the Company and approving the remuneration payable to him;
14. Resolution of the meeting of Board of Directors held on October 12, 2004 and December 1, 2004 for formation of the Company's Shareholders and Investors Grievance Committee and Compensation/Remuneration Committee respectively;
15. In principal listing approval dated April 11, 2005 and dated June 8, 2005 from BSE and NSE respectively;
16. Tripartite Agreement between (i) NSDL, our Company and Intime Spectrum Registry Limited dated January 11, 2005; and (ii) CDSL, our Company and Intime Spectrum Registry Limited dated June 23, 2005 respectively;
17. Due Diligence Certificate dated December 21, 2004 to SEBI from the BRLM;
18. SEBI observation letter No. CFD/DIL/UR/42413/2005 dated June 10, 2005.
19. Board Resolution dated September 30, 1999, for cancellation of bonus shares.
20. SEBI's letter dated February 22, 2001, suggesting to approach High Court for reduction in share capital and to refile offer document after availing appropriate High Court order.
21. High Court order dated February 25th, 2005, approving reduction in share capital.

Any of the contracts or the documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

SECTION IX

DECLARATION

We, the Directors of the Company, hereby declare that all relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government of India or the guidelines issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all the statements in this Red Herring Prospectus are true and fair.

SIGNED BY ALL THE DIRECTORS OF AMAR REMEDIES LIMITED

Mr. P. Shah	Chairman
Mr. Sagar P Shah	Managing Director
Ms. Pratima P Shah	Director
Ms. Natasha Shah	Director
Mr. Lalit Mulchandji Vaidya	Director
Mr. Hemal Shah	Whole Time Director
Mr. Rajiv Chitnis	Director
Mr. Gaurav Doshi	Director
Mr. Dilip S. Mehta	Director
Mr. Bhagwansingh Chowdhary	Director

Mr. Hemal Shah	Whole Time Director
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Date: August 11, 2005

Place: Mumbai