



Saamya Biotech (India) Limited

(Originally incorporated as “Saamya Biotech (India) Limited” under the provision of the Companies Act, 1956 pursuant to a certificate of incorporation dated August 13, 2002. Our Company has obtained the certificate for Commencement of Business on August 26, 2002)

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Email: ipo@saamyabiotechltd.com

PUBLIC ISSUE OF 1,50,00,000 EQUITY SHARES OF RS. 10/- EACH ISSUED FOR CASH AT PAR AGGREGATING RS.1500.00 LAKHS. THE FACE VALUE OF THE EQUITY SHARES IS RS.10/- PER SHARE AND THE ISSUE PRICE IS ONE TIME OF THE FACE VALUE. THE NET ISSUE TO THE PUBLIC WILL CONSTITUTE 58.49% OF THE TOTAL POST ISSUE PAID UP CAPITAL OF SAAMYA BIOTECH (INDIA) LIMITED

The issue is being made in terms of clause 2.2.2 (a)(ii) and b(i) of SEBI(DIP) Guidelines, 2000 as amended from time to time, wherein the “Project” has at least 15% participation by Financial Institutions / Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded. In case of delay, if any in refund, we shall pay interest on the application money @15% p.a. for the period of delay.

RISKS IN RELATION TO FIRST ISSUE

This being the first issue of Equity Shares of our Company there has been no formal market for the Equity Shares of our Company. The Face value of the Equity Shares is Rs.10/- per share and the issue price is one time of the face value. The Issue price (as has been determined and justified by the Lead Merchant Banker and our Company as stated under “Basis for Issue Price” on page 32 of the Prospectus) 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 active or sustained trading in the shares of our Company nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investment 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 investments. 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 issuer and the issue including the risks involved. The securities have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this Prospectus. Investors are advised to refer to the **page no. v** for the statement on risk factors pertaining to this issue.

ISSUER’S ABSOLUTE RESPONSIBILITY

The issuer, having made all reasonable inquiries, accepts responsibilities for, and confirms that this Prospectus contains all information with regard to our Company and the issue, which is material in the context of the issue, that the information contained in this Prospectus is true and correct in all material respects 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 commission of which makes this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

IPO GRADING

Our Company has received IPO grading 1 indicating poor fundamentals from ICRA vide their letter dated April 20, 2007.

LISTING

The Equity shares offered through this Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) (Designated Stock Exchange). We have received in-principle approval from BSE for the listing of the Equity Shares pursuant to their letter dated May 24, 2007.

LEAD MANAGER TO THE ISSUE



UTI Securities Limited

(A Subsidiary of Securities Trading Corporation of India Limited)

SEBI Reg No: INM 000007458

AMBI Reg No.: AMBI/ 083

1st Floor, Dheeraj Arma,
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Website: www.utisel.com; **E-mail:**saamyaiipo@utisel.com

Contact Person: Mr. Hemant Bothra

REGISTRAR TO THE ISSUE



Aarthi Consultants Private Limited

SEBI Reg No.: INR000000379

1-2-285, Domalguda

Hyderabad - 500 029.

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Contact Person : Mr. G. Bhaskar

ISSUE OPENS ON : MONDAY 24th, SEPTEMBER, 2007

ISSUE CLOSES ON : FRIDAY 28th, SEPTEMBER, 2007

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SECTION I- DEFINITIONS AND ABBREVIATIONS

1. CONVENTIONAL/GENERAL TERMS

Act	The Companies Act, 1956 as amended from time to time
Book Value	Networth/ Number of outstanding shares
Depository	A Company formed and registered under the Companies Act, 1956 (1 of 1956), and which has been granted a certificate of registration under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992)
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository Participant	A person registered as such under sub-section (1A) of section 12 of the Securities and Exchange Board of India Act, 1992 (15 of 1992)
Equity Shares	The Equity Shares of face value of Rs. 10/- each of Saamya Biotech (India) Limited
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations framed thereunder.
FIIIs	Foreign Institutional Investor as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 registered with SEBI and as defined under FEMA (Transfer or Issue of security by a person resident outside India) regulations, 2000 and under other applicable laws in India.
GAAP	Generally Accepted Accounting Practices
IT Act	The Income Tax Act, 1961, as amended from time to time
RBI	Reserve Bank of India
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act SEBI Act Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI (DIP) Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI, as amended from time to time.
Financial Year	Period of twelve months ended March 31 of that particular year

2. ISSUE RELATED TERMS

Applicant	Any prospective investor who makes an application for shares in terms of this Prospectus.
Application Form	The form in terms of which the investors shall apply for the Equity Shares of the Company
BSE/ Designated Stock Exchange	Bombay Stock Exchange Limited at Mumbai
Compliance officer	Ms. T.A. Veena
CDSL	Central Depository Services (India) Limited
Face Value	Face value of Equity share of our Company is Rs.10/-.
Issue/Offer/IPO	Public Issue of 1,50,00,000 Equity Shares of Rs.10/- each for cash aggregating to Rs.1500.00 Lakhs
Issue Price	Rs.10/- per Equity Share
Issue size	Public Issue of 1,50,00,000 Equity Shares aggregating Rs. 1500 Lakhs by Saamya Biotech (India) Limited
Issuer Company /Saamya/SBL/ SBIL / Company	Saamya Biotech (India) Limited.
Issue Closing Date	The date on which the issue closes for subscription by the public



Issue Opening Date	The date on which the issue opens for subscription by the public
Issue Period	The period between the Issue opening date and Issue closing date and includes both these dates.
Lead Manager	UTI Securities Limited
Non-Institutional Investor	Means an investor who applied for shares more than Rs. 1,00,000/-
NSDL	National Securities Depository Limited
Prospectus/ offer document	Refers to this document, in terms of which the present Issue of Equity Shares are proposed to be made, to be filed with ROC
Registrar	Registrar & Transfer Agent, viz. Aarthi Consultants Private Limited
Retail Individual Investor	Means an investor who applied for shares for a value of not more than Rs.1,00,000/.

3. COMPANY/INDUSTRY RELATED TERMS

Auditors	The statutory auditors of the Company namely M/s. P. Murali & Co, Chartered Accountants.
Articles / Articles of Association	The Articles of Association of Saamya Biotech (India) Limited
Board	The Board of Directors of Saamya Biotech (India) Limited
Equity Shareholders	Persons holding Equity Shares of the Company unless otherwise specified in the context thereof
Financial Year / Fiscal Year /FY	The 12 months ended March 31, of a particular year unless otherwise specified
Memorandum/ Memorandum of Association	The Memorandum of Association of Saamya Biotech (India) Limited
Registered Office/ Registered office of the Company	104-106, Lumbini Enclave, Punjagutta, Hyderabad 500 082, Andhra Pradesh, India
RoC	Registrar of Companies, Andhra Pradesh, Hyderabad

4. ABBREVIATIONS

AGM	Annual General Meeting
A.P	Andhra Pradesh
A.Y	Assessment Year
A/C	Account
BV / NAV	Book value / Net asset value
CDSL	Central Depository Services (India) Ltd.
CSIR	Council of Scientific & Industrial Research
DP	Depository Participant
DRF	Dr. Reddy's Research Foundation
ECS	Electronic Clearing System
EGM	Extra Ordinary General Meeting
EOU	Export Oriented Unit
EPS	Earnings Per Share.
ESOS	Employee Stock Option Scheme
ESPS	Employee Stock Purchase Scheme
FII's	Foreign Institutional Investors, who are registered with SEBI.

GMP	Good Manufacturing Practices
GOI	Government of India.
HP	Horse Power
I.T.Act	Income-Tax Act, 1961.
Kg/s	Kilogram
KL	Kilo Litre
KVA	Kilo Volt Ampere
KWH	Kilo Watt Hour
NEFT	National Electric Fund Transfer
NPPA	National Pharmaceuticals Pricing Authority
NRI(s)	Non-Resident Indian (s)
NSDL	National Securities Depository Limited
N.A.	Not Applicable
PCT	Patent Co-operation Treaty
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
QIB	Qualified Institutional Buyer
R &D	Research & Development
RBI	Reserve Bank of India.
ROC	Registrar of Companies.
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 (as amended)
The Act	The Companies act, 1956 (as amended from time to time)
TRIPs	Trade Related Aspects Intellectual Property Rights
USFDA	United States Food & Drug Administration
WHO	World Health Organisation
WIPO	World Intellectual Property Organization



SECTION II — RISK FACTORS

CERTAIN CONVENTIONS; USE OF MARKET DATA

In this Prospectus, the terms “we”, “us”, “our”, the “Company”, “our Company”, “Saamya Biotech (India) Limited”, unless the context otherwise indicates or implies, refers to Saamya Biotech (India) Limited. In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “Lakhs” or “Lakh/ Lakhs” means “one hundred thousand” and the word “Million” means “Ten Lakhs” and word “Crore/ Crores” means “Ten Million”. In this Prospectus, any discrepancy in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Prospectus, all figures have been expressed in Lakhs unless otherwise stated. All references to “India” contained in this Prospectus are to the Republic of India.

For additional definitions used in this Prospectus, see the section “Definitions and Abbreviations” on page i of this Prospectus. In the sections entitled “Main Provisions of Articles of Association” on page 109 of this Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company. Industry data used throughout this Prospectus has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe industry data used in this Prospectus is reliable, it has not been independently verified. Similarly, internal company reports, while believed by us to be reliable, have not been verified by any independent sources.

FORWARD LOOKING STATEMENT

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

All forward looking statements are subject to risks, uncertainties and assumptions about our Company 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 the expectations include, among others:

- General economic and business conditions in India;
- The ability to successfully implement the strategy, growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in the Indian and international interest rates;
- Allocations of funds by the Government;
- Changes in laws and regulations that apply to the customers of our Company and the pharmaceutical industry;
- Increasing competition in and the conditions of the customers of our Company and the pharmaceutical industry; and
- Changes in political conditions in India.

For further discussion of factors that could cause actual results to differ, please see the section entitled “Risk Factors” beginning on page v of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, our Directors, any member of the Lead Manager team 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, our Company and the Lead Manager 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.

RISK FACTORS

An investment in equity shares or equity related securities involves a high degree of risk. One should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares or other securities of our Company. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the Equity Shares could decline, and you may lose all or part of your investment.

Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

- Some events may not be material individually but may be found material collectively.
- Some events may have material impact qualitatively instead of quantitatively.
- Some events may not be material at present but may be having material impacts in future.

The risk factors are as envisaged by the management along with the proposals to address the risk if any. Wherever possible, the financial impact of the risk factors has been quantified.

Unless specified or quantified in the relevant risk factors below, the financial or other implications of any of the risks described in this section cannot be quantified:

We had filed a Draft Prospectus with SEBI, Chennai on March 2, 2006 with Chartered Capital & Investment Ltd., as the Lead Manager. We had received the in principle approval from Bombay Stock Exchange Limited vide letter dated February 13, 2007. However, due to some changes in respect of the term loan our Company decided to withdraw the Draft Prospectus vide letter dated March 9, 2007.

A. SPECIFIC TO THE PROJECT AND INTERNAL TO OUR COMPANY

- The following is the summary of the outstanding litigations on the date of filing of this Prospectus with SEBI:

Against the promoter

Sr. No.	Case No.(s) Institution Date	Plaintiff / Defendants	Name of Court	Amount Involved (Rs. in Lakhs)	Subject Matter and Relief sought	Status as on date
01	CC No. 411/2004	VS Reddy Vs Dr.Y.Manivardhan. Reddy	XI Metropolitan Magistrate court, Secunderabad	8.93	Dishonour of cheque paid by Maanya Biotech Ltd towards consideration of land admeasuring 14.32 acres	The said amount is being paid by Maanya Biotech by demand draft drawn on Syndicate bank and presented before the court.
02	CC No. 1391/2003	VS Reddy Vs Maanya Biotech Ltd & Dr.Y.Manivardhan. Reddy	XI Metropolitan Magistrate court	34.50	Dishonour of cheque paid by Maanya Biotech Ltd towards consideration of land admeasuring 14.32 acres	The said amount is being paid by Maanya Biotech Ltd by demand draft drawn on Syndicate bank and presented before the court.
03	Case O.S. No.39 of 2007	V.S. Reddy Vs Maanya Biotech & Dr.Y.Manivardhan. Reddy	Sr. Civil Judge, Sanga Reddy	2.74	Land Sy.No. 290 admeasuring 14 acres 32 guntas. Cancellation of sale deed	Pending

Against Group company

Sr. No.	Case No.(s) Institution Date	Plaintiff / Defendants	Name of Court	Amount Involved (in Rs.)	Subject Matter and Relief sought	Status as on date
01	SEMP/53/2004	Smt. B. Padma V/s. M/s. Visu International Ltd.	Assistant Commissioner of Labour, Hyderabad III.	Not yet finalized	Allegations involves that Mrs. B. Padma's termination was arbitrary and also filed a petition for the condonation of 167 days. A counter affidavit denying the allegations has been filed on behalf of the company.	Pending



2. The promoters of our Company are first generation entrepreneurs and do not have any expertise in handling such projects. This being the first major venture of the promoters, the project suffers from risk associated with such ventures (viz. delay in implementation of project, improper production planning, quality of end product, realization of sale proceeds etc.)
3. One of entities promoted by our promoters has incurred losses in the last financial year viz. M/s Visu Films Private Ltd had incurred a loss of Rs.7.83 Lakhs for the financial year ended 31st March, 2005. In addition, the book value of the Equity Share of the Company for the Financial year ending 31st March, 2003, 2004 & 2005 is negative i.e. Rs. (25.92), Rs. (22.33) & Rs.(18.74).
4. Our Company is totally dependent on a single purchaser viz. M/s Finchimica Spa, Italy, by way of sale and purchase agreement dated September 18, 2004. The agreement provides that the quality, quantity and packing shall be as per specifications mentioned by Finchimica from time to time. Non-adherence to these specifications may lead to termination of the contract by either party, which may affect the operations of our Company.
5. The technology of Biofin Laboratories, s.r.l Italy has been tested only at lab/pilot plant scale and has not been produced on a large scale. Hence there is a risk involved in scaling up to commercial size production.
6. Demand for key managerial personnel in the industry is intense and our inability to attract and retain key managerial personnel may affect the operations of our Company.
7. We are yet to apply for certain Government / statutory approvals and licenses for our unit.

Sr. No.	Approval / License	Issuing Authority	Remarks
1	Approval for all designs from the govt.	Andhra Pradesh Single Window Clearance	After finalisation of the detailed engineering design
2	RBI approval for transfer of technical fees	Reserve Bank of India	Will be obtained after completion of the issue
3	Power Consent	APCPDCL	Will be made in due course
4	Drug Control permission	Director General, Drug Control Administration, Hyderabad	Will be obtained after the first batch of production

8. There are certain restrictive covenants in the Term Loan Sanction Letter. These covenants refers to prior approval of Banks to be obtained in respect of matters relating to effecting of any change in the capital structure of our Company, formulating scheme of expansion, modification/diversification or acquiring fixed assets , investing in share capital of other corporate bodies, lending or advancing funds to or placing deposits with any other concerns, entering into borrowing arrangement with other banks, financial institutions, undertake guarantee obligations on behalf of other company, declare dividend etc. Non-adherence to any of the terms mentioned in the sanction letter may affect the future expansion plans which may affect the growth of our Company.
9. Inability to keep pace with the changes in technology or any change in therapeutic preferences may **have** effect on sales of our products which would **affect** the revenues and profitability.
10. Our Company is an EOU. As per the scheme formulated by the Government of India, the EOUs have to achieve positive net foreign exchange. The status of EOU is valid for a period of 5 years **from** the date of commencement of commercial production. In case of failure to fulfil the export obligation or any other condition of the licence, the licence holder shall be liable for action under the Foreign Trade (Development & Regulation) Act, 1992, the Orders and Rules made thereunder, the provisions of the Policy and the Customs Act, 1962.
11. Our Company has taken unsecured loans from promoters and other individuals for a sum of Rs. 131.45 Lakhs as on July 31, 2007. The said loan is interest free and repayable on demand.
12. Our Company, in the process of production, would produce toxic substances, which if not treated, may cause pollution leading to stringent action by the environmental authorities, which may include partial / full restriction on the production activities of our Company or the closure of the unit.
13. Our Company is yet to tie up the working Capital requirements with Banks.

14. Promise v/s performance of Visu International Ltd (Group Company)

Visu International Limited, one of our group companies, had made its maiden public issue (IPO) during the year 2000, of 15,70,000 Equity Shares of Rs.10/- each for cash at par aggregating Rs. 157 Lakhs. The Company could not achieve the projections made by them due to adverse market conditions. The main object of the Company was to set up development centres at various places and to upgrade the infrastructure facilities. However, when the Company was ready with its infrastructure, the global software industry slowed down and was affected badly by the events post [September 11, 2001](#), attack on the World Trade Center etc., Therefore, the company could not maintain the projected profitability and turnover. The projections made by the company for the next two Financial Years after the IPO and the actual performance with the variance are given below.

Particulars	2000-2001			2001-2002		
	Projections	Actual	Variance %	Projections	Actual	Variance %
Total Income	654.00	368.57	-43.64	1058.99	661.80	-37.51
Profit after tax	193.44	76.81	-60.29	406.63	18.17	-95.53
Dividend %	10.00	0.00	-100.00	20.00	0.00	-100.00
Net worth	666.63	605.19	-9.22	974.77	949.02	-2.64
EPS (Rs)	3.83	1.52	-60.31	8.05	0.17	-97.89

15. A penalty of Rs.50,000/- had been imposed by the Securities Exchange and Board of India (SEBI) on Visu International Ltd, one of our group company, for violation of Regulation 6 and 8 of the Securities Exchange and Board of India (Substantial acquisition of shares and takeovers) Regulations, 1997.
16. The promoters of our Company had earlier promoted a company viz. Maanya Biotech Limited along with NRI group of promoters for the manufacture of biopharmaceutical products. The products to be manufactured by our Company i.e daunomycin and hyaluronic acid are entirely different from those products i.e ceftazedime, cefotaxime, ceftriaxone and cefaclor that were proposed to be manufactured by Maanya Biotech Limited. Due to delay in getting various approvals (including approvals for raising capital through public issue and term loan lenders) the promoters of our company decided to shelve the project and reduced their shareholding in Maanya Biotech Limited. Currently the shareholding of our promoters in Maanya Biotech Limited is around 4% and they have resigned from the Board of Directors of Maanya Biotech Limited with effect from March 31, 2007.
17. Our Company has entered into a sales and Purchase Agreement with Finchimica SpA, Italy. The trading division of the Company had a turnover of approx. Rs 500 million in CY 2006 and Rs. 440 million in CY 2005 while the Company's turnover was approx. Rs. 3400 million in CY 2006 and Rs. 3000 million in CY 2005. As per the Credit Perspective of ICRA Limited, Finchimica SpA is a small sized entity with small trading activities and the Sales and Purchase Agreement does not contain any reference to price at which Finchimica would buy the products for Saamya Biotech Limited, thereby exposing the company to price risks.
18. Our Company intends to manufacture only two products viz. Daunomycin and Hyaluronic acid. Any fall in demand for any of these [products](#) would affect the profitability of the Company.
19. Many companies intend to set up their manufacturing [units](#) in this park, Shapoorji Pallonji Biotech Park has made an application to the Government of Andhra Pradesh for waiver of stamp duty on the land acquired by the users. The order from Government of Andhra Pradesh is awaited. The Land acquired by our Company is thus not registered in the name of our Company. Once the stamp duty is waived, our Company will register the land in its name. Any delay in construction of building would result in time and cost overruns, which cannot be computed now. Hence, any such delay would affect the profitability of the Company.
20. As per FDA and WHO norms, only finished products (products sold to end users) need FDA and WHO approval. The products proposed to be manufactured by our Company are only APIs (Active Pharma Ingredients). Hence, the products manufactured by us do not need FDA approval. Moreover, our Company's products are proposed to be sold to Finchimica, Italy and unregulated markets for which FDA and WHO approvals are not required. However, our production facilities are proposed to be set up in compliance with FDA and WHO norms and we would strive to get the FDA and WHO approvals in due course to enable it to export its products to the regulated markets like USA.



21. Our Company was incorporated on 13th August 2002 and set up as a 100% EOU unit with an objective to carry on the business of manufacture, buy, import, export and generally deal in all types of chemicals, pharmaceuticals, drugs and intermediates. Presently our Company is not undertaking any activity because it took considerable time for our Company to accomplish various tasks like selection of the appropriate product line, freezing the commercially viable products based on the market survey conducted, identify partner for technology transfer, selecting the right contractor for turnkey implementation of the project, obtaining all the requisite permissions from both the central and state Governments, identifying the right financial resources, arranging term loan etc. Our Company has not commenced any business operation till now and the current project will be the first project being implemented by our Company.
22. Appraiser of our Project, State Bank of India has mentioned certain weakness & threats in its Appraisal Report.

Weakness

- The promoters of our Company are first generation entrepreneurs
- Our Company is totally dependent on Finchimica, Spa Italy for selling the entire production.
- The technology used is from Biofin laboratories, Italy and our company is wholly dependent on the same.

Threats

- The fluctuation of currency in the international market could affect the company's projected revenues.
- Change of policies of the Government and the regulations from time to time imposed by new Governments could affect the project.
- Competition can be expected from established Indian drug manufacturers, which could affect the progress and profitability of this new venture.
- Being a new biotech venture, there could be delays and hurdles as they have to meet the requirements of Regulatory Agencies in India.
- Approval from Foreign Drug Agencies like FDA (USA), WHO and approval of customer interested in the product are all to be obtained for successful marketing.
- Our Company is planning to begin its activities in the laboratory and pilot plant based on internationally accepted Good Laboratory Practice (GLP) and Good Manufacturing Practice (GMP).
- Our Company will confirm the erection of equipments-validation-use and manufacturing practices based on United States Food & Drug Administration (USFDA) norms and shall be using the services of a person/persons with knowledge of USFDA regulations. Our Company will also get World Health Organisation (WHO) / European Union (EU) and Therapeutic Goods Administration (TGA), Australia, clearances.

B. EXTERNAL RISK FACTORS

1. Any adverse change in Government policies in relation to Pharmaceutical Industry viz withdrawal of incentives may affect the performance and profitability of our Company.
2. Any fluctuation in the Foreign Exchange rates may have an impact on the financials of our Company.
3. Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.
4. External factors such as potential terrorist attacks, acts of war or geopolitical and social turmoil in many parts of the world could prevent or block our ability to do business, increase our costs and negatively affect our stock price. These geopolitical social and economic conditions could result in increased volatility in India and worldwide financial markets and economy, and such volatility could prevent or block our ability to do business, increase our costs and negatively affect our stock price.
5. Risk Arising Out Of Volatility Of Capital Markets
6. The prices of the Equity Shares on the Stock Exchanges may fluctuate as a result of several factors including:
 - Volatility in the Indian and global securities market,
 - Company's results of operations and performance
 - Performance of the Indian Economy
 - Significant developments in India's fiscal and environmental regulations

NOTES TO THE RISK FACTORS

1. Investors are advised to refer to the para on "Basis for Issue Price" on **page 31** before making any investment in this Issue.
2. Investors may note that in case of over subscription, the allotment shall be on proportionate basis and for details; reference may be made to para "Basis of Allotment" on **page 105** of the Prospectus.
3. The Net worth of our Company as on March 31, 2007 is Rs. 805.03 Lakhs and Book Value of the Equity Shares as on March 31, 2007 is Rs.11.83 per share.
4. Public Issue of 1,50,00,000 Equity Shares of Rs. 10/- each issued for cash at par aggregating Rs. 1500.00 Lakhs.
5. Our Company does not meet the track record criteria as specified in Clause 2.2.1 of the SEBI Guidelines, hence our Company is coming out with an issue in terms of Clause 2.2.2 (a)(ii) & (b) (i) of SEBI Guidelines, which stipulates that the project should have at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs.
6. The investors may contact the Lead Merchant Banker or the Compliance Officer for any complaint/ clarification/ information pertaining to the Issue, who will be obliged to attend to the same.
7. No loans and advances have been made to any person(s)/Companies in which the Director(s) of our Company are interested.
8. For Related Party Transactions, please refer to the section entitled "Related Party Transactions" beginning on **page 66** of this Prospectus.
9. Our Company has not declared any dividend during the last Five years.
10. The average cost of acquisition of Equity Shares to the Promoters is as under:

Name of the Promoter	Average Cost of acquisition of Equity Share
Dr. Y. Manivardhan Reddy	Rs.10/-
Dr. Y. Sonia Reddy	Rs.10/-

11. Our Company and the Lead Manager shall make all information available to the public and investors at large and no selective and additional information would be available for the section of the investors in any manner whatsoever.

SECTION III - INTRODUCTION

Summary of Industry and Business of our Company

You should read the following summary together with the risk factors and the more detailed information about our Company and financial data included on page no 67 of this Prospectus.

Pharmaceuticals Industry

Global Scenario

According to the data from IMS Health Incorporated or IMS, the global pharmaceutical industry has grown at the rate of 10% over the last seven years. The size of the global pharmaceutical industry is estimated at US\$518 billion and is concentrated in the developed world. Around 48% of the market is cornered by North America, 28% by the European Union and 11% by Japan as of December 2004. (Source: IMS Intelligence 360 Report).

IMS Health projects that the global industry would register strong growth even in the face of continued government pressure on pricing and a number of widely used drugs going off patent.

- The pharmaceutical sector is the second largest global industry (banking is the largest)
- The US Food & Drug Administration (FDA) is the most powerful national regulatory body, driving the regulatory framework in which the sector operates globally.
- Global pharmaceutical players are facing expiry of patents on more than 75 percent of the drugs already in the streamline and their manipulation in getting these patents extended are facing with lot of resistance in the wake of hosts of drugs going off patent in the U.S, approximately US\$80bn, higher purchasing power, increasing healthcare costs and well developed health insurance and reimbursement system in developed countries,
- Indian Pharma companies can seize this opportunity and increase the market share in the global market.

(Source: IMS Health)

Biotechnology Overview - India:

India is on the threshold of a biotechnology revolution. Vast changes to facilitate growth are taking place in the country. The advantages the country has are the large pool of scientific talent available at a reasonable cost, a wealth of R & D institutions, rich and varied bio-diversity, strong IT skills and an English speaking population. Venture capitalists are now keenly studying the sector for opportunities.

While India has been practicing conventional methods of biotechnology, the use of modern biotechnology is relatively new and therefore several vital issues such as Intellectual property rights, Bio-diversity bill etc need immediate attention. India is taking steps to rationalize its policies in order to conform to WTO provisions. This has not been an impediment to working with foreign institutions and companies jointly on projects that are mutually beneficial. The Department of Biotechnology (DBT), under the Ministry of Science & Technology, Government of India, set up in 1986 has promoted and accelerated the pace of development of biotechnology in India.

The Department has funded several R & D projects, demonstrations and infrastructure facilities around the country. One of the most important projects is the Indian Genome Initiative (IGI) to study the genetic variation of the diverse Indian population. The 5 years programme has a funding support of US \$ 20 million. Several State Governments such as Karnataka, Tamil Nadu, Andhra Pradesh, Maharashtra and Delhi have taken initiatives to encourage entrepreneurs to set up biotech industries in their States. Some of the key steps taken by the State Governments include: announcing separate Biotechnology Policy for their States, setting up of exclusive Biotechnology Parks, setting up of Task Forces with experts to guide them on policy issues. Bangalore in Karnataka, the IT capital of India and Hyderabad in AP are emerging as the hub of Biotechnology in India.

Business Overview

Our Company was incorporated on 13th August 2002 and set up as a 100% EOU unit with an objective to carry on the business of manufacture, buy, import, export and generally deal in all types of chemicals, pharmaceuticals, drugs and intermediates. Presently our Company is not undertaking any activity.

It took considerable time for our Company to accomplish various tasks like selection of the appropriate product line, freezing the commercially viable products based on the market survey conducted, identify partner for technology transfer, selecting the right contractor for turnkey implementation of the project, obtaining all the requisite permissions from both the central and state Governments, identifying the right financial resources, arranging term loan etc. Our Company has not commenced any business operation till now and the current project will be the first project being implemented by our Company.



Our Company proposes to set up manufacturing facility of biopharmaceuticals in Shapoorji Pallonji Biotech Park Private Ltd, at plot No 10, Kolthur village, Shameerpet Mandal, Rangareddy District, Andhra Pradesh to manufacture low volume and high value active Bio-Pharmaceutical ingredients viz., Daunomycin (anti-cancer), Hyaluronic Acid - Pharma Grade (Ophthalmic medicine) and Cosmetic Grade

Our Company has entered into an agreement for technology transfer with Biofin Laboratories s.r.l, Italy to manufacture the Daunomycin and Hyaluronic products.

The detailed engineering of the plant is being done by Shapoorji Pallonji & Company Ltd., Mumbai (SPCL), who are associated with O'Brien / Atkins (Biotech Architects), Jacobs H & G Ltd., (Formerly Humphrey's and Glasgow) for detailed engineering.

Our Company has also entered into a 100% buy back agreement with Finchimica, Spa, Italy, for sale of our entire production. Finchimica is a manufacturer and trader of biotechnology products in the international market.

Our Competitive Strengths

- Small and flexible multi purpose plant enables us to produce low volume high priced products i.e, Daunomycin and Hyaluronic Acid. In view of a very versatile and flexible plant, our Company can manufacture products as per customer specifications, if need be.
- Biofin laboratories - Technical Collaborator for the project.
- Approval from Government of India for 100% EOU already obtained.
- The project has leadership and guidance of competent technical / scientific and management experts like Dr. K. Narayana Reddy, Dr. P. Anji Reddy and Dr. Ashok Kumar Sadhukhan (further details are given in section titled "Our Management" on page 56 of this prospectus
- The relatively lower production cost on account of being located in the state of Andhra Pradesh as some basic raw materials such as molasses are locally available in abundant quantity at cheaper prices.
- Manpower costs, especially technically qualified personnel are lower compared to any developed country. This would not only have an impact on the direct costs but also on the development costs for new strains, process optimization etc.
- None of the products to be manufactured is tied up with any Patent or proprietary rights.

ISSUE DETAILS

Equity Shares offered	
Fresh Issue by our Company	1,50,00,000 Equity Shares of face value of Rs.10/- each
Of Which	
To be allotted to QIBs	15,00,000 Equity Shares of face value of Rs.10/- each
Net offer to the public	1,35,00,000 Equity Shares of face value of Rs.10/- each
Face Value of Equity share	Rs.10/- per Equity Share
Issue Price of Equity Share	Rs.10/- per Equity Share
Equity shares outstanding prior to the issue	80,80,000 Equity shares of face value of Rs. 10/- each
Equity shares outstanding after the issue	2,30,80,000 Equity shares of face value of Rs. 10/- each
Use of Issue proceeds	Please refer to section titled “Objects of the Issue” beginning on page 18 of this prospectus for additional information.

Note:

- 1) Over subscription if any, in the QIBs categories shall be utilized to meet the undersubscription, if any, in the net offer to the public.
- 2) Our Company is not proceeding with any Pre-IPO placement



SUMMARY OF FINANCIAL INFORMATION

The following table sets forth selected financial information of our Company as of and for the seven month period ended March 31, 2003 and year ended March 31, 2004, 2005, 2006 and 2007, all prepared in accordance with Indian GAAP, the Companies Act and restated under the SEBI Guidelines.

You should read the following information together with the information contained in the Auditor's Report included in the Section titled "Financial Information" beginning on page 78 in this Prospectus.

SUMMARY OF ASSETS AND LIABILITIES AS RESTATED

(Rs. in Lakhs)

	Particulars	31.03.07	31.3.06	31.3.05	31.3.04	Period ended 31.3.03
A.	Assets					
	Fixed Assets- gross block	34.61	0.53	—	—	—
	Less: Depreciation	—	—	—	—	—
	Net Block	34.61	0.53	—	—	—
	Less: Revaluation Reserve	—	—	—	—	—
	Net Block after adjustment for Revaluation Reserve	34.61	0.53	—	—	—
B.	Investments	—	—	—	—	—
C.	Current assets, loans and advances					
	Inventories	—	—	—	—	—
	Receivables	—	—	—	—	—
	Cash and bank balances	0.96	0.74	0.16	0.15	0.17
	Other current assets	130.85	57.07	—	—	—
	Loans and advances	789.42	779.00	101.96	104.46	4.56
	Total assets	955.84	837.34	102.12	104.61	4.73
D.	Liabilities and provisions	—	—	—	—	—
	Loan funds	—	—	—	—	—
	Secured loans	—	—	—	—	—
	Unsecured loans	147.46	—	—	—	—
	Current liabilities and provisions	—	—	—	—	—
	Current liability	—	30.90	100.00	100.00	—
	Provisions	3.35	1.41	0.09	0.04	0.02
	Total Liabilities	150.81	32.31	100.09	100.02	0.02
E.	Net worth	805.03	805.03	2.03	4.57	4.71
	Represented by:					
	Shareholders funds					
	Share capital	808.00	808.00	5.00	5.00	5.00
	Reserves and surplus	—	—	—	—	—
	Less: Revaluation Reserve	—	—	—	—	—
	Reserves (Net of Revaluation Reserve)	—	—	—	—	—
	Less: miscellaneous expenditure not written off	2.97	2.97	2.97	0.43	0.29
	Total	805.03	805.03	2.03	4.57	4.71

STATEMENT OF PROFIT & LOSS, AS RESTATED
(Rs in Lakhs)

Period ended on	31-12-2007	31-03-2006	31-03-2005	31-03-04	31-03-03
Income	—	—	—	—	—
Sales:	—	—	—	—	—
Of Products manufactured by the Company	—	—	—	—	—
Of products traded by the Company	—	—	—	—	—
Other Income	—	—	—	—	—
Increase (decrease) in inventory	—	—	—	—	—
Total Income	—	—	—	—	—
Expenditure	—	—	—	—	—
Raw materials & goods consumed	—	—	—	—	—
Staff Costs	—	—	—	—	—
Other Manufacturing expenses	—	—	—	—	—
Selling & distribution expenses	—	—	—	—	—
Interest	—	—	—	—	—
Depreciation	—	—	—	—	—
Miscellaneous expenditure written off	—	—	—	—	—
Total expenditure	—	—	—	—	—
Net Profit before tax and extraordinary items	—	—	—	—	—
Provision for taxation	—	—	—	—	—
Net Profit after tax & before extraordinary items	—	—	—	—	—
Extraordinary items (net of tax)	—	—	—	—	—
Net Profit after extraordinary items	—	—	—	—	—
Earlier year adjustments	—	—	—	—	—
Appropriations	—	—	—	—	—
Transfer to general reserve	—	—	—	—	—
Proposed dividend	—	—	—	—	—
Tax on proposed dividend	—	—	—	—	—
Balance carried to Balance sheet	—	—	—	—	—

**GENERAL INFORMATION****Saamya Biotech (India) Limited**

(Originally incorporated as M/s. Saamya Biotech (India) Limited under the provision of the Companies Act, 1956 pursuant to a certificate of incorporation dated August 13, 2002. Our Company has obtained the certificate for Commencement of Business on August 26, 2002)

Registered Office: 104-106, Lumbini Enclave, Punjagutta, Hyderabad-500 082., Andhra Pradesh.

Tel: +91-40-23398359, 23399241

Fax: +91-40-23395214

Email: ipo@saamyabiotechltd.com

Website: www.saamyabiotechltd.com

Contact Person: Ms. T.A. Veena, Company Secretary & Compliance Officer

Registration No: 01-39449.

Registrar of Companies: Registrar of Companies, Andhra Pradesh situated at Kendriya Sadan, Sultan Bazar, Koti, Hyderabad - 500195.

Board of Directors

Our current Board of Directors Consists of the following:

Sr. No	Name of Director	Designation	Status
1.	Mr. Chavva Chandrasekhar Reddy	Chairman	Non Executive Director
2.	Dr. Y. Manivardhan Reddy	Managing Director	Executive Director
3.	Dr. K. Narayana Reddy	Director (Technical)	Executive Director
4.	Dr. Y. Sonia Reddy	Director	Non Executive Director
5.	Dr. Ashok K Sadhukhan	Director	Non Executive & Independent Director
6.	Dr. P. Anji Reddy	Director	Non Executive & Independent Director
7.	Mr. Boddapaty Anand	Director	Non Executive & Independent Director

For details of our Board of Directors please refer to the section titled “ Our Promoters and their Background and “ Our Management”.

ISSUE MANAGEMENT TEAM

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
UTI Securities Limited (A Subsidiary of Securities Trading Corporation of India Limited) SEBI Regn. No. - INR 000007458 AMBI Registration No.: AMBI/083 1st Floor, Dheeraj Arma, Anant Kanekar Marg, Station Road, Bandra (East), Mumbai - 400 051. Tel: +91-022-67515820 Fax: +91-022-67023194 Contact Person : Mr. Hemant Bothra E-mail: saamyaipo@utisel.com Website:www.utisel.com	Aarthi Consultants Private Limited SEBI Regn. No. - INR 000000379 1-2-285, Domalguda, Hyderabad-500 029. Tel :+91-040-27638111,27634445, 27642217 Fax : +91-040-27632184 Email: info@ aarthiconsultants.com Website:www.aarthiconsultants.com Contact Person: Mr. G. Bhaskar

AUDITORS TO THE COMPANY	LEGAL ADVISOR TO THE ISSUE
M/s P. Murali & Co. Chartered Accountants 6-3-655/2/3, Somajiguda, Hyderabad - 500 082. Tel: +91-040-2332 6666/2331 2554 Fax: +91-040-2339 2474 E-mail: info@pmurali.com	M/S Mohan Vinod & Associates Advocates & Consultants, 412, Lingapur House, Himayatnagar, Hyderabad-500 029. Tel: +91-040-23260918 Fax: +91-040-23261004 E-mail: mohanvinod@yahoo.co.in
BANKERS TO THE COMPANY	
Syndicate Bank General Managers Office, Pioneer House, 6-3-653, Somajiguda, Hyderabad-500 082. Tel: +91-40-23397494. Fax: +91-40-23311113 Email: nkmurthy@syndicatebank.net Contact Person: Mr. N.Krishna Murthy, Asst. General Manager	The State Bank of India - Overseas Branch 5-9-300, Abids Road Hyderabad. - 500 01 Tel: +91-40-23297895 Fax: +91-40-23297987 Email: h.maitesh@sbi.co.in Contact Person: Mr. H. Maitesh, Chief Manager
COMPANY SECRETARY & COMPLIANCE OFFICER	
Ms. T.A. Veena Saamya Biotech (India) Ltd Suit No-104 & 106, Lumbini Enclave, Opp: NIMS, Punjagutta, Hyderabad-82 Tel: +91-40-23398359, 23399241 Fax: +91-40-23395214 Email: ipo@saamyabiotechltd.com	
BANKERS TO THE ISSUE	
HDFC Bank Limited 26A, Narayan Property, Off Saki Vihar Road, Chandivili, Andheri (East), Mumbai - 400 072. Tel: +91-22- 2856 9009 Fax: +91-22- 2856 9256 Email: viral.kothari@hdfcbank.com Contact Person: Mr. Viral Kothari Website: www.hdfcbank.com	ICICI Bank Limited Capital Markets Division, 30, Mumbai Samachar Marg, Mumbai - 400 001. Tel: +91-22- 2262 7600 Fax: +91-22- 2261 1138 Email: sidhartha.routray@icicibank.com Contact Person: Mr. Sidhartha Sankar Routray Website: www.icicibank.com

Investors can contact the Compliance Officer or Registrar in case of any pre-Issue or post-issue related problems such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary account or refund orders etc.

Trustees

This being an issue of Equity Shares, appointment of Trustees is not required.

Credit Rating

This being an issue of Equity Shares, credit rating is not required.

Grading of the Issue

Our Company has received IPO grading 1 indicating poor fundamentals from ICRA vide their letter dated April 20, 2007.

Issue details

SBIL is proposing to come out with an Initial Public Offer of 15 million shares of Rs. 10 each during August 07 through the fixed price route. Of the total issue, 1.5 million shares are reserved for QIBs while the rest of the 13.5 million shares are for the retail investors. Post IPO, the shares will be listed on the Bombay Stock exchange.



Proposed use of IPO Proceeds

The primary use of the issue proceeds are:-

- To part finance the project/facility SBIL is setting up for the manufacture of low volume-high value active bio-pharmaceutical ingredients viz. Daunomycin, Hyaluronic Acid (Pharma grade) and Hyaluronic Acid-Cosmetic grade.
- To part finance R&D for low volume, high value Biotech products.
- To meet margin money for working capital requirements.
- To meet the expenses of the public issue.

IPO Grading

ICRA has assigned an IPO Grade 1 indicating poor fundamentals, to the proposed initial public offering of Saamya Biotech (India) Limited. ICRA assigns IPO gradings on a scale of IPO Grade 5 through IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

An ICRA IPO Grade is a symbolic representation of ICRA's current assessment of the fundamentals of the issuer concerned. The fundamental factors assessed include inter alia industry risks, business and financial position of the entity, project risks, prospects and management quality. Such an assessment involves a comparison both with the peers and with other listed equity securities.

Disclaimer: Notwithstanding anything to the contrary: An ICRA IPO Grade is a statement of current opinion of ICRA. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the Issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied, as to the accuracy, authenticity, timelines or completeness of any such information. An ICRA IPO Grade is not (a) a comment on the present or future price of the security concerned, (b) a certificate of statutory compliance and/or (c) a credit rating. Further, the ICRA IPO Grade is not a recommendation of any kind including but not limited to recommendation to buy, sell or deal in the securities of such Issuer and ICRA shall not be liable for any losses incurred by users from any use of the grade.

Strengths

- Competent technical and scientific experts among the Board of Directors.
- Collaboration for the latest technology from Biofin Laboratories (Biofin) with an in-built five year exclusivity clause.
- Collaboration with Indian Institute of Chemical Technology (IICT), Hyderabad for validation and absorption of technology outsourced from abroad.

1 Incorporated in 1986 in Italy, Biofin Laboratories is a fermentation technology development company that develops and transfers the manufacturing technologies for various biopharmaceutical products. Several other Indian companies like Biocon, RPG Life Sciences Group and Krebs Biotech have also sourced similar technology from Biofin for various products like Cephalosporins, Penicillin and Daunomycin and are using it successfully. Biofin had a turnover of 3,500,000 Euros (Approx. Rs. 192.5 million), net profit of Rs. 6.6 million and a net worth of approx. Rs. 55 million.

- Assistance from Biofin for setting up the biotech plant. Construction by reputed contractors (Shapoorji Pallonji).
- Management support from its sister concerns (Visu group of companies).

Concerns

- The promoters of the company have no prior experience in the area of drug manufacture, although they have entrepreneurial experience in other industrial sectors like sugar & liquor manufacture, educational services and trading. Its earlier plan for manufacture of bio-pharmaceuticals through Maanya Biotech (India) Limited has not been implemented.
- Green field project, with associated execution risks.
- The company's plan of commencing operations by April-07 appears difficult to achieve considering the current status of the project at the Biotech Park, Hyderabad.
- Complete dependence on buyback partner in the initial periods. Also, the buyback partner for the project is a small sized entity, with relatively small trading activities. Buy-back agreement does not give any price reference, leaving substantial price risks for SBIL.

- Initial products based on commoditised old molecules where level of competition and product substitution risks are high.
- Product concentration risks high in the initial years, till such time as SBIL is able to develop a healthy product pipeline.
- Technology risk inherent in projects like this especially considering lack of promoter's experience in this field.

Grading Rationale

The grading assigned reflects the inherently high-risk associated with execution of Greenfield projects in the emerging biotechnology space. The promoters although qualified in the field of medicine, lack experience in the area of drug manufacture. The risk factors in executing this project include timely implementation and ability to absorb the fermentation technology in-licensed from abroad. SBIL's 100% buyback agreement with Finchimica s.r.l., Italy (Finchimica), provides limited comfort considering the current small quantum of trading activities of Finchimica and lack of any price reference in the agreement. The grading is also constrained by the potential volatility in demand and prices of the products going forward in the competitive landscape and the possibility of product substitution due to technological advances. In ICRAs' opinion, the positives associated with this project include SBIL's strong technology supplier - Biofin and the experience profile of the Directors on the company's Board.

ICRA assigns IPO gradings on a scale of IPO Grade 5 through IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. An ICRA IPO Grade is a symbolic representation of ICRA's current assessment of the fundamentals of the issuer concerned. Such an assessment involves a comparison both with peers and with other listed equity securities.

Disclaimer: Notwithstanding anything to the contrary: An ICRA IPO Grade is a statement of current opinion of ICRA. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the Issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied, as to the accuracy, authenticity, timelines or completeness of any such information. An ICRA IPO Grade is not (a) a comment on the present or future price of the security concerned, (b) a certificate of statutory compliance and/or (c) a credit rating. Further, the ICRA IPO Grade is not a recommendation of any kind including but not limited to recommendation to buy, sell or deal in the securities of such Issuer and ICRA shall not be liable for any losses incurred by users from any use of the grade.

Company profile

Saamya Biotech (India) Limited was incorporated in August, 2002 by Dr. Y. Manivardhan Reddy and his wife Dr. Sonia Reddy of the Visu group of companies, to undertake the business of manufacturing and trading chemicals, pharmaceuticals, drugs and intermediates. However, the company did not commence any operations till 2005 when it proposed to set up an USFDA (United States Food and Drugs Administration) approvable Export Oriented Unit for the manufacture of low volume high value biopharmaceuticals viz., Daunomycin (anti-cancer), Hyaluronic Acid - Pharma Grade (Ophthalmic medicine), Hyaluronic Acid - Cosmetic grade. The company has set up a technically sound Board of Directors and a competent scientific Advisory Council.

Project profile: SBIL's project can be split into two phases. At a total cost of Rs.280.8 million, phase I consists of setting up a facility for the manufacture of three bio-pharmaceuticals- Daunomycin and Hyaluronic Acid (cosmetic and pharma grade) for which SBIL has procured two acres of land, at a total cost of Rs. 3.4 million, in the AP Biotech park. Benefits of setting up the project in the Biotech Park, for SBIL, includes single window clearance for various approvals like pollution control, effluent treatment etc, waiver of stamp duty and registration charges on land/building transfer in the first instance, labour concessions for units in the Park. The state government also provides the park with common effluent treatment plant and common utilities, which while reducing costs, would help in obtaining uninterrupted supply of requisite power and water. In the phase II the company plans to increase capacity for the existing products and include new products like Probiotics, Cyclosporin A and Lysergic Acid. The total outlay estimated for phase II is Rs. 759 million.

Daunomycin and its derivatives (chemotherapy drugs) are commonly used to treat specific types of Leukemia (acute myeloid leukemia and acute lymphocytic leukemia). In terms of volume, Doxomycin (Daunomycin derivative) is among the most widely used cancer drugs and is part of the standard chemotherapy drug cocktail, used in combination with Cytarabine. The emergence of liposomal formulations of Daunomycin and Doxomycin (Doxomycin provides greater penetration) are increasing volume for this drug. Furthermore, Daunomycin has a high global consumption as the essential precursor for the widely used derivative anti cancer drugs viz., Dauxorubicin and Epirubicin. However, being an old molecule, Daunomycin faces extensive generic competition and is a low margin commodity product. The other product, Hyaluronic Acid is a widely recognised moisturiser and new surgical aid with excellent bio-compatibility and no allergic reaction. It acts like a 'molecular sponge' and



is capable of absorbing up to 500 times its weight in water. The low molecular weight compound is recognised as an effective moisturiser and used in cosmetics while the higher compounds are used as injectables in ophthalmic surgery and osteoarthritis treatments. Future use for this compound is expected to expand into newer areas like tissue engineering.

Project rationale:- The products namely Daunomycin, Hyaluronic Acid-pharma grade and cosmetic grade are categorised as high value low volume biopharmaceuticals, making small scale manufacture of the products viable. SBIL expects the demand for the two products to grow considerably over the next 5-10 years, with new variants of these chemicals being discovered for use in various healthcare areas. SBIL's proposed project however could be subject to significant stress in the event of any sharp slow down in the demand pattern for these products.

Industry demands on a modest up-trend, though prices continue to decline:-

The estimated demand for the two products as envisaged by SBIL and industry databases are as follows:-

Table 1: Global demand for Daunomycin

Daunomycin In Kgs

Year	USA	Europe	Asia	Middle East	Total	Growth
1999	2,013	3,696	562	47	6,318	
2000	1,955	3,844	538	44	6,381	1.00%
2001	1,940	3,981	519	42	6,482	1.60%
2002	1,988	4,123	497	40	6,648	2.60%
2003	2,042	4,286	486	39	6,853	3.10%
2004	2,098	4,405	485	37	7,025	2.50%

Source: Company

Table 2: Global demand for Hyaluronic Acid

Hyaluronic Acid

In Kgs

Year	USA	Europe	Asia	Middle East	Total	Growth
1999	316.6	600.4	10,479	4	11,400	
2000	355.4	615.5	10,769	5	11,745	3.00%
2001	422	629.8	11,158	8	12,218	4.00%
2002	537.7	649.5	11,668	10	12,865	5.30%
2003	611.9	672.5	12,109	13	13,406	4.20%
2004	676.2	703.1	12,543	14	13,936	4.00%

Source: Company

As the above table indicates, there has been steady demand growth in the past for both Daunomycin and Hyaluronic Acid. The prices of these products however have been under pressure and have declined steadily in the past several years, reflecting low value added, commoditised status of these products. This declining price trend, common to most generic drugs, is expected to continue over the short to medium term.

In India, other players in similar product segment include RPG Life Sciences, VHB Life Sciences and Pharmacia India (which was merged with Pfizer India in 2004). Internationally, other manufacturers of Daunomycin and Hyaluronic Acid include Pharmacia Up John Inc (USA), Meiji Seika (Japan), Rhone Poulenc (Germany), Mercian Pharmaceuticals (France), Gensia Sicor (France), Nexstar Inc (USA), Poli Pharma (Poland), Genzyme Inc (USA), Lifecore Sciences (USA), and Biomatrix (France).

Project costing and funding profile:-The total cost of the project of Rs.280.8 million consists of:-

Table 3: Project cost break-up

(Rs. in million)	
Particulars	Amount
Land and site development	8.0
Buildings & Civil Works	31.7
Plant and machinery	122.0
Technical know-how fee	50.0
Misc. fixed assets	5.0
Preliminary and Pre-operative expenses	40.4
Contingencies	13.8
Margin money for working capital	1
Total	280.8

Source: Company

Table 4: Funding profile of the project

Particulars	Amount
Promoters equity	80.8
Public equity	150.0
Term loan	50.0
Total	280.8

Source: Company

As on 4th Feb' 06, promoter's equity has been infused into the project. SBIL has approached the United Western Bank for funding of the debt portion of the total requirements, but the same has not been drawn down yet. The public equity of Rs. 150 million is proposed to be raised through the IPO. According to the management, implementation of the project is on schedule and the production is expected to commence by April-07. However, considering the current status of the project and also the overall pace of construction of basic utilities in the Biotech Park (where the project is located), the target for commercial operation from April, 2007 appears difficult to achieve.

Technology transfer critical to project success:-Daunomycin and Hyaluronic Acid are manufactured by the process of microbial fermentation. SBIL has entered into a technical collaboration agreement with Biofin for importing the requisite noninfringing fermentation technology for the manufacture of Daunomycin and Hyaluronic Acid. Under the technology transfer agreement, Biofin is bound by an exclusivity clause under which it cannot transfer the technology to any other player in India for a period of five years. During this period Biofin will provide SBIL with any technological advancement in the fermentation technology. Biofin will also play an active role in setting up of the plant for SBIL. Over the years SBIL will work on absorbing, indigenising, validating and improving the Biofin technology in Indian conditions. SBIL will be paying a technical know-how fee of Rs. 50 million in four installments over the project implementation period in exchange for the technology. Validated through tests at each step, payment would depend on the successful completion of each stage.

Marketing tie-up for off-take:-SBIL has entered into a MoU with Finchimica for 100% buy back of the current capacity for a period of five years, on mutually agreed upon prices. SBIL is making parallel arrangements for marketing the products in India and abroad through the group concern, Visu International Limited (VIL), which has 40 offices in India and eight offices in USA and Europe. This however provides limited comfort, since VIL has no past experience in trading of similar products.

Pricing of the products dependant on marketing agreement with global partner:-According to the agreement with Finchimica, export price for the compounds will be mutually agreed upon annually and linked to international prices. The transaction prices are expected to be at a 15% discount to international prices. The trend in International prices for Daunomycin and Hyaluronic Acid indicates a steady decline in prices during FY2000-FY2004, raising concerns about the future profitability in manufacture of these products.

Financial viability of the project hinges on product pricing: - Since the project is still at an early stage of implementation, the management estimates on future profitability are based on several assumptions, especially related to sales price to be negotiated with Finchimica and cost of raw material. The advantage for setting up the project in India comes partly from the



low raw material (mostly sourced locally) and manpower costs in India. Besides these two factors, manufacturing yield (productivity) and strain consistency of the final product would be critical to the total manufacturing cost of the products. The productivity and product quality related risks are partly mitigated, as Biofin will be playing an active role in technology management. Manufacturing of the proposed products are capital intensive and the project viability is critically dependent on anticipated high operating margin (considering the low volume of these products) on these products, which can get eroded by cost or price related pressures. Besides risks of declining product prices, project cost overruns due to delays in implementation can significantly impact the project viability.

Monitoring Agency

As the net proceeds of the Issue will be less than Rs. 50,000 Lakhs, it is not mandatory under the SEBI guidelines to appoint a Monitoring Agency. Our Company has not appointed any Monitoring Agency.

Brokers to the Issue

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue.

Appraising Entity

The Project for which the present public issue is being made has been appraised by

State Bank of India,
5-9-300, Abids Road,
Hyderabad. - 500 01
Tel: +91-40-23297895,
Fax No. +91-40-23297987
E-mail : h.maitesh@sbi.co.in.
Contact Person: Mr. H. Maitesh

Underwriting Agreement

Our Company intends to get the Issue fully underwritten the details of underwriters are as follows:

Sr. No.	Name and Address of the underwriter	Amount Underwritten (Rs. Lakhs)
1	UTI Securities Limited 1st Floor, Dheeraj Arma, Anant Kanekar Marg, Bandra (East), Mumbai - 400 051 Tel No. 91-22-67515820, Fax No. 91-22-67023194 Website : www.utisel.com, Email: saamyaipo@utisel.com Contact Person : Mr. Hemant Bothra	Rs. 25.00
2	Enam Securities Private Limited Khatau Building, 2nd Floor, 44B, Bank Street, Opp. Shaheed Bhagat Singh Road, Fort, Mumbai - 400 023 Tel No. 022-22677901, Fax No. 022-22665613 Website : www.enam.com; Contact Person : Mr. Ajay Seth	Rs. 1000.00
3.	Saffron Capital Advisors Private Limited Vilco Center, Subhash Road, Vile Parle (East), Mumbai - 400 057, Tel No. 022-26820654/92, Fax No. 91-022-26820502 Contact Person : Mr. Abhijit Diwan, Email : abhijit@saffronadvisor.com	Rs. 475.00

In the opinion of the Board of Directors (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). The above Underwriting Agreement has been accepted by our Board of Directors and we have issued letters of acceptance to the Underwriters.

In the event of any default, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement will be required to procure / subscribe to the extent of the defaulted amount.

Withdrawal of the Issue

Our Company in consultation with the Lead Manager, reserves the right not to proceed with the Issue anytime after the Issue Opening Date without assigning reason thereof.

In the event of withdrawal of the issue anytime after the Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

Issue Programme

Issue Opens On: Monday, 24th September, 2007	Issue Closes On: Friday, 28th September, 2007
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CAPITAL STRUCTURE

The Share Capital of our Company as on the date of filing this Prospectus is set forth below:

	PARTICULARS	NOMINAL VALUE (Rs.)	AGGREGATE VALUE (Rs.)
A.	AUTHORISED CAPITAL		
	2,50,00,000 Equity Shares of Rs 10/- each	25,00,00,000	25,00,00,000
B.	ISSUED, SUBSCRIBED & PAID UP CAPITAL		
	80,80,000 Equity Shares of Rs 10/- each	8,08,00,000	8,08,00,000
C.	PRESENT ISSUE		
	1,50,00,000 Equity Shares of Rs 10/- each		
D.	OUT OF WHICH		
	MINIMUM ALLOTMENT TO QIBs		
	15,00,000 Equity Shares of Rs 10/- each	1,50,00,000	1,50,00,000
E.	NET OFFER TO THE PUBLIC		
	1,35,00,000 Equity Shares of Rs 10/- each	13,50,00,000	13,50,00,000
F.	PAID UP CAPITAL AFTER THE ISSUE		
	2,30,80,000 Equity Shares of Rs 10/- each	23,08,00,000	23,08,00,000
G.	SECURITIES PREMIUM ACCOUNT		
	Before this Issue		Nil
	After this Issue		Nil

NOTES TO CAPITAL STRUCTURE

1. Details of increase in the Authorized Equity Share Capital

S. No.	Increased from	Increased to	Remarks
1	Rs. 5,00,000	Rs. 2,00,00,000	Resolution passed at the Extra Ordinary General Meeting held on 05-11-2005.
2	Rs. 2,00,00,000	Rs.25,00,00,000	Resolution passed at Extra Ordinary General Meeting held on 30-12-2005.

2. The current Capital Structure of our Company is built up as under:

Date of allotment/ Fully paid-up	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment of Consideration	Nature of allotment	Cumulative number of Equity Shares
13-08-2002	50000	10	10	Cash	Subscriber to Memorandum	50,000
16-11-2005	19,50,000	10	10	Cash	Further allotment to promoters.	20,00,000
31-12-2005	35,00,000	10	10	Cash	Further allotment to promoters.	55,00,000
04-02-2006	25,80,000	10	10	Cash	Further allotment to promoters & promoter group	80,80,000

**3. Promoters' Contribution and lock in Period:**

a. Our Company has two Promoters i.e. Dr. Y. Manivardhan Reddy and Dr. Y Sonia Reddy whose names figure in this Prospectus as Promoters in the paragraph on "Our Promoters and their Background". The holding and lock-in period details of our Promoters are mentioned hereunder:

Name of Promoter	Date of allotment/ Transfer and made Fully paid-up	Nature of Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Pre Issue paid up capital -up capital	% of Post Issue paid up capital -up capital	Lock in Period * (Years)
Dr. Y. Manivardhan Reddy	13.08.2002	Cash	24750	10	10	0.31	0.11	1
	16.11.2005	Cash	1000000	10	10	12.38	4.33	1
	31.12.2005	Cash	264416	10	10	3.27	1.15	1
	31.12.2005	Cash	1485584	10	10	18.39	6.44	3
	4.02.2006	Cash	930000	10	10	11.51	4.03	3
		Total	3704750			45.85	16.05	
Dr. Y. Sonia Reddy	13.08.2002	Cash	24750	10	10	0.31	0.11	1
	16.11.2005	Cash	950000	10	10	11.76	4.12	1
	31.12.2005	Cash	199584	10	10	2.47	0.86	1
	31.12.2005	Cash	1550416	10	10	19.19	6.72	3
	4.02.2006	Cash	650000	10	10	8.04	2.82	3
		Total	3374750			41.77	14.62	
Grand Total			7079500			87.62	30.67	

*The lock in period shall commence from the date of allotment of shares in the public issue.

b. As per clause 4.13.1 of the SEBI DIP Guidelines the below mentioned shares of our promoters (eligible for lock-in) shall be locked-in LIFO basis (i.e shares that have been issued last shall be locked in first) for a period of 3 years from the date of allotment in the public issue:

Name of Promoter / Person in Promoter Group	Date of allotment/ Transfer and made Fully paid-up	Nature of Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Post Issue paid up capital	Lock in Period * (Years)
Dr. Y. Manivardhan Reddy	31.12.2005	Cash	1485584	10	10	6.44	3
	4.02.2006	Cash	930000	10	10	4.03	3
		Total	2415584			10.47	
Dr. Y. Sonia Reddy	31.12.2005	Cash	1550416	10	10	6.72	3
	4.02.2006	Cash	650000	10	10	2.82	3
		Total	2200416			9.53	
Grand Total			4616000			20.00	

Other than the above the entire pre issue capital of our Company shall be locked in for a period of one year from the date of allotment of Equity Shares in the public issue.

4. In terms of clause 4.16.1 (b) of the SEBI Guidelines, locked in Equity Shares held by the Promoters may be transferred to and amongst the Promoters/ Promoter group or to a new promoter or persons in control of our Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

Further, in terms of clause 4.16.1 (a) of the SEBI Guidelines, locked in Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding Equity Shares which are locked-in as per Clause 4.14 of the SEBI Guidelines, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

5. Specific written consent has been obtained from our Promoters for inclusion of such number of their existing shares to ensure minimum Promoters contribution subject to lock-in to the extent of 20% of Post-Issue Paid-up Capital vide their letters dated March 23 2007.
6. Promoters' contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary.
7. Our Promoters contribution has been brought-in the specified minimum lot of Rs. 25,000/- per application from each individual and Rs.1,00,000/- from companies.
8. There has been no transactions in our Equity Shares during the past six months undertaken / financed directly or indirectly by our promoters, their relatives and associates and our directors
9. Individual shareholding of persons who constitute our Promoters Group (other than core promoters)

Sr. No	Name of Promoter / Person in Promoter Group	Date of allotment/ Transfer and made Fully paid-up	Consideration	No. of Shares	Face Value (Rs.)	Issue / Transfer Price (Rs.)	% of Pre Issue paid-up capital	% of Post Issue paid-up capital	Lock in Period (Years)
1	Ms. Y. Annapurna Reddy	13-08-2002	Cash	100	10	10	0.00	0.00	1
2	Ms. C. Sophia Reddy	04-02-2006	Cash	1000000	10	10	12.38	4.33	1
	Total (A)			1000100			12.38	4.33	

10. The pre-Issue & proposed post-Issue shareholding pattern of our Company is as under:

Category of the Shareholders	Pre-Issue		Post-Issue	
	No. of Shares	%	No. of Shares	%
A.Promoters				
Dr. Y. Manivardhan Reddy	3704750	45.85	3704750	16.05
Dr. Y. Sonia Reddy	3374750	41.77	3374750	14.62
Sub Total (A)	7079500	87.62	7079500	30.67
B.Promoter Group				
Ms. C. Sophia Reddy	1000000	12.38	1000000	4.33
Ms. Y. Annapurna Reddy	100	0.00	100	0.00
Sub Total (B)	1000100	12.38	1000100	4.33
Others				
C. Individuals				
Ms. T. Bharathi Reddy	100	0.00	100	0.00
Dr. T. Ravinder Reddy	100	0.00	100	0.00
Dr. Karanthi Reddy	100	0.00	100	0.00
Mr.A. Srikanth Raddy	100	0.00	100	0.00
Sub Total I	400	0.00	400	0.00
D. Public*	-	-	15000000	64.99
TOTAL	8080000	100.00	23080000	100.00

* The allotment, if any, pursuant to the Issue, to any of the above-mentioned Individuals, will be included in the public category in the post- issue shareholding.



11. Particulars of top ten shareholders as on date of filing of the Prospectus with SEBI (will be updated before filing with RoC)

S. No.	Name	No of shares	% of Total shareholding
1	Dr. Y. Manivardhan Reddy	3704750	45.85
2	Dr. Y. Sonia Reddy	3374750	41.77
3	Ms. C. Sophia Reddy	1000000	12.38
4	Ms. Y. Annapurna Reddy	100	0.00
5	Ms. T Bharathi Reddy	100	0.00
6	Dr. T Ravinder Reddy	100	0.00
7	Dr. Kranthi Reddy	100	0.00
8	Mr. A Srikanth Reddy	100	0.00
	Total	80,80,000	100.00

12. Particulars of top ten shareholders ten days prior to the date of filing of the Prospectus with SEBI (will be updated before filing with RoC)

S. No.	Name	No of shares	% of Total shareholding
1	Dr. Y. Manivardhan Reddy	3704750	45.85
2	Dr. Y. Sonia Reddy	3374750	41.77
3	Ms. C. Sophia Reddy	1000000	12.38
4	Ms. Y. Annapurna Reddy	100	0.00
5	Ms. T Bharathi Reddy	100	0.00
6	Dr. T Ravinder Reddy	100	0.00
7	Dr. Kranthi Reddy	100	0.00
8	Mr. A Srikanth Reddy	100	0.00
	Total	80,80,000	100.00

13. Particulars of top ten shareholders two years prior to the date of filing of the Prospectus with SEBI (will be updated before filing with RoC)

S. No.	Name	No of shares	% of Total shareholding
1	Dr. Y. Manivardhan Reddy	24750	49.50
2	Dr. Y. Sonia Reddy	24750	49.50
3	Ms. Y. Annapurna Reddy	100	0.20
4	Ms. T Bharathi Reddy	100	0.20
5	Dr. T Ravinder Reddy	100	0.20
6	Dr. Kranthi Reddy	100	0.20
7	Mr. A Srikanth Reddy	100	0.20
	Total	50,000	100.00

14. Our Company, our Promoters, our Directors and Lead Manager to the Issue have not entered in to any buy-back / standby or similar arrangements for purchase of Equity Shares being issued through this Prospectus.

15. This Issue is being made in terms of clause 2.2.2 (a) (ii) & (b) (i) of SEBI (DIP) Guidelines, 2000, as amended from time to time, wherein at least 10% of the Issue size i.e. 15,00,000 Equity Shares shall be allotted to QIBs, failing which the full subscription monies shall be refunded.
16. Further, spill over from QIBs' category, shall, in consultation with the Lead Manager, be allowed to meet under-subscription, if any, in categories for Non-Institutional Investors and Retail Individual Investors. Also, unsubscribed portion in either of Non-Institutional Investors or Retail Individual Investors category shall be added to the other category interchangeably.
17. As per SEBI guidelines, a minimum of 50% of the Net Issue to the Public are reserved for allotment to individual investors applying Equity Shares of or for a value of not more than Rs. 1,00,000/-. The balance Net Issue to the Public are reserved for Non-Institutional Investors applying for Equity Shares of a value more than Rs.1,00,000/-. Unsubscribed portion in either of these categories shall be added to the other category interchangeably.
18. An over-subscription to the extent of 10% of the Net Issue to the Public can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment being equal to 500 Equity Shares, which is the minimum application size in this issue. Consequently, the actual allotment may go up by a maximum of 10% of the Net Issue to the Public, as a result of which, the post issue paid up capital after the Issue would also increase by the excess amount of allotment so made. In such an event, the Shares held by our Promoters and subject to lock-in shall be suitably increased; so as to ensure that 20% of the Post Issue paid-up capital is locked in.
19. The Lead Manger shall inform the non-transferability details to both the depositories NSDL and CDSL. The details of lock in shall be provided to BSE, the designated stock exchange, where the shares of our Company are proposed to be listed.
20. As on date of filing of this Prospectus with SEBI, our issued capital is fully paid up and there are no partly paid up shares as on date.
21. No payment, direct or indirect in the nature of discount, commission allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotment, if any, in this Public Issue.
22. Our Company has not availed any bridge loans against the proceeds of this Issue.
23. Our Company undertakes that we shall not make any further Issue of capital whether by way of Issue of bonus shares, preferential allotment, rights Issue or Public Issue or in any other manner, during the period commencing from the submission of Prospectus to SEBI for Public Issue till the Equity Shares referred in the Prospectus have been listed or application moneys refunded on account of failure of Issue except pre-IPO placement, if any.
24. Presently, our Company do not have any intention or proposal to alter 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 Equity Shares) whether preferential or otherwise, or if we go in for acquisitions and joint ventures, we might consider raising additional capital to fund such activity or use shares as currency for acquisition and/or participation in such joint venture.
25. Our Company does not have any Employee Stock Option Scheme/Employee Stock Purchase Scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when, options will be granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
26. There are no outstanding warrants, options or rights to convert debentures or other instruments into Equity Shares as on date of filing this Prospectus with SEBI.
27. Our Company has not issued any shares out of revaluation reserves.
28. The Equity Shares of our Company are available in dematerialized mode and the market lot is one equity share. Our Company undertakes that at any given time there shall be only one denomination for the shares of our Company and our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
29. Our Company has not issued any shares for consideration other than cash (other than by way of capitalization of reserves).
30. No shares have been allotted on firm basis or through private placement in the last two years nor has our Company bought back its Equity Shares in the last six months.
31. Our Company has 8 members as on March 31, 2007.

**OBJECTS OF THE ISSUE**

The Issue is being made to raise the funds for the following purposes:

- Setting up manufacturing facilities including Research & Development and pilot plant facility for Low Volume, High Value active Bio-Pharmaceutical ingredients viz., Daunomycin and Hyaluronic Acid - Pharma Grade and Cosmetic Grade
- To meet Margin Money for working capital requirements.
- To meet the expenses of the public issue.
- To list the Equity Shares offered through this Issue on BSE.

The main objects clause and objects incidental or ancillary to the main objects of the Memorandum of Association of our Company enable us to undertake its existing activities for which the funds are being raised through this Issue.

Appraisal

As per the requirements of clause 2.2.2 (a)(ii) & (b)(i) of SEBI (DIP) Guidelines, 2000, as amended from time to time, our project has been appraised by State Bank of India. The State Bank of India has sanctioned Rs.500.00 Lakhs as a Term Loan for the project, vide Letter No MCGSHR/OBH/06-07/447 dated January 29, 2007.

The cost of project and means of finance as appraised by State Bank of India is as under:

PROJECT COST & MEANS OF FINANCE

The total cost of the project is Rs.2808.00 Lakhs. State Bank of India has sanctioned financial assistance (Term Loan of Rs.500.00 Lakhs) to set up facilities for manufacture of Bio-Pharmaceutical ingredients viz., Daunomycin, Hyaluronic Acid - Pharma Grade and Cosmetic Grade.

PROJECT COST

(Rs in Lakhs)	
Particulars	Amount
Land and Site Development	80.00
Buildings & Civil Works	316.56
Plant and Machinery	1220.00
Technical know-how fee	500.00
Misc. Fixed Assets	50.00
Preliminary and Pre-operative expenses (including public expenses)	403.61
Contingencies	137.83
Margin money for working capital	100.00
Total	2808.00

MEANS OF FINANCE

(Rs. In Lakhs)	
Particulars	Amount
Equity Share Capital subscribed by the Promoters	808.00
Public Issue	1500.00
Term Loan	500.00
Total	2808.00

As per the project report, our Promoters have to bring a total of Rs.808.00 Lakhs for the project and it has already been brought into our Company. The paid up capital of our Company as on March 31, 2007 is Rs. 808.00 Lakhs.

Terms & Conditions of Term Loan

Facility	Term Loan
Limit	Rs 500 Lakhs
Margin	82.19% (over all)
Rate of interest	0.75% above SBAR at present 12.25% p.a. with monthly rests. The pricing is subject to reset after every two years.
Validity of sanction	Six months from the date of sanction for term loan and two months from the date of approval for pricing sanction
Primary Security	(i) Plot No.10, admeasuring 2 acres, in Shapoorji Pallonji Biotech Park, Phase II, Kolthur village, Shamirpet Mandal, R.R. District to be registered in the name of the Company (ii) Charge on the fixed assets of the Company
Collateral Security	(i) 9 guntas of land (residential use as per Master plan for Cyberabad Development Area at Survey no.42 in Khajaguda village, Serilingampally Mandal, R.R. Dist. In the name of Sri C.Chandrasekhar Reddy. (ii) Pledge of 25% of equity shares held in the name of promoters.
Guarantee	Personal Guarantee of: (i) Dr. Y. Manivardhan Reddy (ii) Dr. Y. Sonia Reddy (iii) Mr. C. Chandrasekhar Reddy
Repayment	Repayable in 28 quarterly installments as under from June '07

No. of installments	Amount per installment (Rs. in Lakhs)	Period
4	35	June 08 to March 09
9	40	June 09 to June 11

Other Critical Covenants:

- The mortgage formalities in respect of primary security have to be completed within 60 days from release of term loan, atleast 1% penalty will be levied.
- Pre-Disbursement conditions with respect to collateral security:
 - Proper identification of the property proposed as collateral (with separate demarcation) has to be done before disbursement of loan.
 - The registration plan to be submitted
 - a) Rs 1.25 crores will be disbursed after submitting the evidence of expenditure to the satisfaction of the Bank; certification by statutory auditors of the unit and inspection by branch officials
 - b) The remaining amount will be disbursed as per the draw down schedule, only after successful completion of IPO.

Draw down schedule: To be submitted to the branch (over & above Rs 1.25 crores)

Notes

- Firm arrangements of finance through verifiable means towards 100% of the above stated means of finance, excluding the amount to be raised through proposed Public Issue have been made.



- (2) Any shortfall in meeting project cost will be met through internal accruals and/or promoters contribution.
- (3) No part of the issue proceeds will be paid as consideration to our promoters, directors, key management personnel, associate or group company.

APPRAISAL

The Project for which the present public issue is being made has been appraised by State Bank of India, Hyderabad. The details as required under clause 6.8.4.4. of the SEBI DIP guidelines are herewith mentioned vide their letter dated OB/SBL/28.07.2007

1. Sanction of term loan of Rs. 500 lakhs with a tenor of 4 years 6 months, for part financing their proposed Biotech project at a cost of 28.08 crores.
2. The cost of project and means of finance has been incorporated as above.
3. There has been no revision in the project cost or means of finance after the date of sanction of the term loan.
4. Competition from established Indian Biotech units, which could affect the profitability of this new venture.

PROJECT DETAILS**Land and Site Development**

Our Company proposes to acquire the land admeasuring 2 acres at Plot No.10, in Shapoorji Pallonji Biotech Park Pvt Ltd, Kolthur Village, Shamirpet Mandal, Ranga Reddy District, Andhra Pradesh, India from Shapoorji Pallonji Biotech Park Pvt Ltd, for which our Company has already paid an advance of Rs 34 Lakhs. Many companies intend to set up their manufacturing unit in this park, Shapoorji Pallonji Biotech Park has made an application to the Government of Andhra Pradesh for waiver of stamp duty on the land acquired by the users. The order from Government of Andhra Pradesh is awaited. The Land acquired by our Company is thus not registered in the name of our Company. Once the stamp duty is waived, our Company will register the land in its name. Our Company has received all Government approvals pertaining to the said land. The said land is free from all encumbrances.

Our Company has already incurred Rs 11.23 Lakhs towards site development.

(Rs in Lakhs)

Particulars	Amount
Land (2 acres) Rs. 25 Lakhs per acre	50.00
Levelling & Site preparation, approach and internal roads, compound walls, gates and registration charges	30.00
Sub-Total	80.00

Buildings and Civil Works

1. Our Company has entered into an agreement with M/s Shapoorji Pallonji & Co. Ltd., (Shapoorji) dated September 24, 2004 for obtaining engineering services and project management services from Shapoorji. Shapoorji is a construction & engineering company with experience in execution of projects for commercial, manufacturing, entertainment, hospitality, industrial, IT & Biotech parks and residential sectors.

Brief details of services to be provided by Shapoorji would include :

1. Architectural services
(Preparation of master plan, layout drawings, schematic architectural drawings, schedule of quantities for construction items)
2. Civil and structural engineering services
(Preparation of detailed working drawings for RCC, structural steel & allied works, bill of material, drawings for statutory authorities, technical & commercial bid analysis etc)
3. Process engineering
(Review of basic engineering package, to size all utility systems, to prepare layout drawing & specification sheet for utility equipments)

4. Piping engineering services
5. Electrical engineering services

(To design distribution system, layout for power distribution, schedule of quantities, technical and commercial bid analysis of bids received etc)

6. Mechanical engineering services

The scope of work includes providing project management and detailed engineering services for the battery limit plant to manufacture hyaluronic acid, daunomycin, cyclosporin A, lysergic acid, probiotics. The battery limit plant shall consist of :

- a. Process Plant, R&D and Pilot plant
- b. Buildings & Structures
- c. Utilities & off-sites

As per the aforesaid Agreement, Shapoorji would also assist us in shortlisting of vendors. This would include issuing enquiry documents to selected vendors, tabulation of quotations and suggesting the most appropriate vendor.

Our Company has also incurred Rs 10 Lakhs towards civil construction.

As per the Appraisal Report given by State Bank of India, the details of the various facilities to be built including the cost per square meter and the total cost is as under:

(Rs. In Lakhs)

S.No.	Description	Area Sq.M.	Price/Sq.M (Rs.)	Amount
1	Main Plant Building	2000	3300	66.00
	a) Thermo seal insulation with mineral wool	1250	1076	13.45
	b) Dr. beck painting	1250	270	3.38
2	Clean room for packing	100	3300	3.30
3	Drying plant	200	3300	6.60
4	Utilities block	375	3300	12.38
5	Warehouse	180	3300	5.94
6	Air Conditioned warehouse	90	3300	2.97
7	Effluent treatment plant	250	2700	6.75
8	Ash storage lined prt	75	2700	2.03
9	RM/Solvents storage yard	375	2700	10.13
10	Solvent recovery block	90	3300	2.97
11	Boiler house Four pole structure for	180	2954	5.32
12	Transformer yard and substation	140	2500	3.50
13	Power/MCC room raw water storage	90	3300	2.97
14	Cooling towers	70	Lumpsum	1.00
	Pilot Plant			
15	Pilot Plant buldg.	700	3300	23.10
	a) Thermo ceal insulation	3500	1076	37.66
	b) Dr. beck resin chemical application	3500	270	9.45
	Non factory buildings			
16	Administration	500	4300	21.50
	a) Arm strong false ceiling	480	540	2.59
	b) Flooring with marble	480	650	3.12
17	Canteen/utilities	200	3500	7.00



18	Quality control laboratory	200	3300	6.60
	a) Arm strong false ceiling	186	540	1.00
	b) Ceramic flooring	186	430	0.80
19	Applications lab	300	3300	9.90
20	Time & security office	100	3300	3.30
21	Parking area/ cycle stand	400	900	3.60
22	Ceramic/ Vitrified tiles	1000	600	6.00
23	Over head tank over administrative building	160	1900	3.04
24	Ground water sump	100	1000	1.00
25	Electrification	Lumpsum		10.00
26	Sanitary and water supply fittings 10%	Lumpsum		8.00
27	Architect fee and supervision charges 3%	Lumpsum		2.00
28	6 1/2 dia Bore wells 2 Nos.			1.20
29	Others	Lumpsum		7.03
	Total			316.56

Plant and Machinery

The cost of the plant & machineries is estimated at Rs. 1220.00 Lakhs.

Our Company has entered into an agreement with M/s Shapoorji Pallonji & Co Ltd., (Shapoorji) dated September 24, 2004 for obtaining engineering services and project management services. Shapoorji has short listed M/s Sierra Atlantic Inc. as the equipment suppliers on turnkey basis from among number of competent contenders. M/s Biofin Laboratories, the technology provider has also vide Its letter dated September 29, 2006 endorsed and given its concurrence for the appointment of Sierra Atlantic Inc., as the equipment supplier. Saamya has entered into an agreement with Sierra Atlantic Software Services Limited (earlier known as Sierra Optima Limited), dated October 17, 2005 for the supply of plant and machinery. Sierra Atlantic Software Services Limited (SASSL) is a subsidiary of Sierra Atlantic Inc. Sierra Atlantic Inc., holds 99.99% of the share capital of SASSL.

Sierra Atlantic Inc is a U.S based IT & BT Company with presence in India. It has partnership with global leaders for a range of biotech / life sciences instruments and scientific application software, some of which are:

- b. MINITUB, Germany
- c. CELL ROBOTICS Inc.
- d. Imstar, France
- e. Hamilton Thorne Biosciences, USA
- f. Wolfram Research Inc.
- g. DSP Development Corporation
- h. Amtec Engineering Inc.
- i. Atlantis Scientific Inc.

Sierra Atlantic has to its credit the following:

- j. Awarded "Distributor of the Year" for setting up 12 DNA fingerprinting Labs in a year (1997)
- k. Set up 3 full fledged Cytogenetic FISH laboratories.
- l. Set up of Toxicology testing lab system for Central Drug Research Institute
- m. The company is currently setting up toxicology research lab for Rallis India, Ranbaxy, Sun Pharma, Jai Research Foundation and Glenmark Pharma.

Sierra Atlantic has a business associate in India by name of M/s Ekadanta Engineering Consultants Private Ltd., (Ekadanta) having their corporate office in Hyderabad. Ekadanta would be placing the orders with the vendors for the entire plant & machinery as per the specifications given by the company in consultation with M/s Biofin.

Sierra Atlantic vide its letter dated October 6, 2005 has undertaken complete responsibility for due performance of Ekadanta.

The details pertaining to SASSL is given below:

Particulars	
Place of registration	Hyderabad
Year of Incorporation	1995
Authorised Share Capital (Rs. in crores)	10
Paid up Share Capital (Rs. in crores)	3.3
Income	
2005-06 (Rs. in crores)	77.29
2004-05 (Rs. in crores)	63.84
Profits	
2005-06 (Rs. in crores)	(0.04)
2004-05 (Rs. in crores)	2.75

M/s Ekadanta was incorporated in 2002 in Hyderabad, with an authorized and paid up capital of Rs. 1 Lakh (Rupees One Lakh only). The company has not commenced any operations and this is the first project to be executed by them. Thus, it does not have any turnover or profits.

Ekadanta, Municipal No 6-3-665, "Fine Cap", Opp. NIMS, Punjagutta, Hyderabad 500 082, has given their quotations letter dated August 3, 2005 and again revised quotation for same Plant & Machineries letter dated March 23, 2007.

Our Company has placed the orders for all the machineries, vide purchase order no: SBL/SA/PO-001/2005-06 dated November 5, 2005. Our Company has also paid advance of Rs 745 Lakhs towards the machineries.

Further, Our Company has not bought or does not propose to buy any secondhand Plant & Machineries out of the issue proceeds.

The following machineries would be procured from various suppliers:

Plant and Machinery - A

Description	Supplier	Qty.	Amount (Rs. in Lakhs)
Process / Pilot Plant			
Lyophilizers-5 Sq.m. (freeze driers)	WGG Cudon Ltd., Newzealand through Toshniwal Bros. (Delhi) Pvt. Ltd., Secunderabad	1	36.7
Refrigerated Centrifuge	Alfa Laval, Sweden through Alfa Laval India Ltd., Secunderabad	1	41.4
Vacuum Drying Oven	Sheldon Mfg Inc. USA through Instrument Corporation & Agencies, Hyderabad	1	1.00
Decanter Extractor	Westfalia Separator India Pvt Ltd., New Delhi	1	48.6
Continuous Centrifuge (Pilot Plant)	Carl Padberg. Germany thru' Special Instruments Consortium. Chennai	1	2.90
Instrumentation and Controls for the Plant	Honeywell Inc., USA thru' Synectics, Secunderabad	0.7	40.0
Continuous Centrifuge	Westfalia Separator India Pvt Ltd., New Delhi	1	38.7



Manifold Lypholizer	The Virtis Company. USA thru' Spinco Biotech Ltd., Hyderabad	1	3.10
Chromotography Column	Waters InC., USA thru' Waters India Pvt Ltd., Hyderabad	1	6.20
Sub Total (a)			218.60
Utilities/Recoveries Equipment			
Oil free air Compressor - 10 Cbm/min	Atlas Copco Airpower N.V.,Belgium thru' Atlas Copco India Ltd., Hyderabad	2	12.50
Oil free air Compressor-2 cbm/min	Atlas Copco Airpower N.V.,Belgium thru' Atlas Copco India Ltd., Hyderabad	1	3.60
Sub Total (b)			16.10
R & D / QC/Laboratory			
Biological O2 monitor	YSI Inc USA thru Labmate (Asia) Pvt.Ltd., Hyderabad	1	0.60
CO2 Incubator	Sheldon Mfg. Inc., USA through Instrument Corporation & Agencies, Hyderabad	1	0.90
Deep Freezers (-80 deg C)	New Brunswick Scientific Company Inc., USA thru's Niulab Equipment Company Pvt. Ltd., Hyderabad	1	1.30
Deep Freezers (-40 deg C)	New Brunswick Scientific Company Inc., USA thru's Niulab Equipment Company Pvt. Ltd., Hyderabad	1	1.00
DNA Sequencer	Applied Biosystems. Switzerland thru's lab India instruments Pvt. Ltd., Chennai	1	10.90
Electronic Balances 100g	Mettler - Toledo GmbH., Switzerland thru's Niulab Equipment Company Pvt. Ltd., Hyderabad	1	0.20
Electronic Balances 200g	Mettler - Toledo GmbH., Switzerland thru's Niulab Equipment Company Pvt. Ltd., Hyderabad	1	0.20
Electronic Balances 500g	Mettler - Toledo GmbH., Switzerland thru's Nulab Equipment Company Pvt. Ltd., Hyderabad	1	0.10
Electroporotvam System	Genetronics Inc., USA thru Labmate (Asia) Pvt.Ltd., Hyderabad	1	1.00
Gel Documentation center	Vilber Lourmat France, thru Labmate(Asia) Pvt.Ltd., Hyderabad	1	0.80
Highspeed Centrifuge	Hitachi, Japan thru Indtech Analytical Ltd., Mumbai	1	2.40
Ice making machine	Frimont s.p.a. Italy, thru Mastek Instruments Company, Sec'bad	1	0.30
Magnetic Agitators		2	0.10
Nutrient Analyser	YSI Inc USA thru Labmate (Asia) Pvt.Ltd., Hyderabad	1	1.60
PCR Machine	Applied Biosystems, Switzerland thru Lab India Instruments Pvt.Ltd., Chennai	1	1.20
Protein purification	Amersham Pharmasia Biotech Asia Pacific Ltd., Hongkong thru its Indian outfit	1	4.20
Refrigerated Centrifuge	Kubota Corporation, Japan thru Instruments Corporation & Agencies, Hyderabad	1	2.50

Sonicators	Misonix Inc, USA thru Toshniwal Bros., (Delhi)Pvt.Ltd., Sec'bad.	1	1.30
Thermostat Chamber 40C	Mettler - Toledo GmbH., Switzerland thru Niulab Equipment Company Pvt.Ltd. Hyderabad	1	1.30
UV Chamber & Photo documentation	Herolab GmbH., Germany thru Instrument Corpn., pvt.Ltd., Hyderabad	1	0.80
UV-VIS Spectrophotometer	Perkin Elmer., Switzerland thru Lab India Instruments Pvt.Ltd., Chennai	1	2.00
Conductivity meter	Mettler - Toledo GmbH., Switzerland thru Niulab Equipment Company Pvt.Ltd. Hyderabad	2	0.30
Sub total (c)			35.00
Grand Total (a+b+c)			269.70
Other Misc.			13.40
Foundations	Lumpsum		8.00
	Total cost of equipment		291.10

Plant & Machinery - B

Description	Supplier	Qty.	Amount (Rs. in Lakhs)
Main Plant & machinery			
Vegetative Fermentors 200 lts	Alfa Laval India Ltd., Secunderabad	4	42.00
Pre-Fermentors 500 lts	Alfa Laval India Ltd. Secunderabad	2	29.00
Pre-Fermentors 1000 lts	Alfa Laval India Ltd. Secunderabad	2	38.00
Pre-Fermentors 5000 lts	Alfa Laval India Ltd. Secunderabad	2	110.00
Fermentors 20000 lts	Alfa Laval India Ltd. Secunderabad	2	162.00
Holding Tanks 5000 lts	Hiranya Chem-Elec Equipment Pvt.Ltd., Hyderabad	1	5.90
Crystalizers 2000 lts	Hiranya Chem-Elec Equipment Pvt.Ltd., Hyderabad	1	3.80
Filterate Tanks 1000 lts	Hiranya Chem-Elec Equipment Pvt.Ltd., Hyderabad	2	5.30
Extraction Vessels 2000 lts	Hiranya Chem-Elec Equipment Pvt.Ltd., Hyderabad	2	7.70
Rotary Vacuum Drier	Millenium Industries Ltd., Hyderabad	2	3.80
Pumps 5 m ³ /Hr x 5 m head Diaphragm	SMD Pumps & Engg. India Pvt.Ltd., Hyderabad	4	1.10
Centrifugal	Process Pumps Ltd., Hyderabad	1	0.50
Membrane Filters	Trisep Corpn., USA thru Pardhasaradhi Technic, Consultancy Pvt.Ltd., Hyderabad	1	14.10
Other process equipment	Lumpsum	1	181.70
Solvent / Sterile water storage tanks			
1000 lts - SS 316 / 304	Hiranya Chem-Elec Equipment Pvt.Ltd., Hyderabad	1	2.10
5000 lts - SS 316 / 304		1	8.40
20000 lts - SS 316 / 304/ RL		1	26.60
Pilot Plant			
Air Conditioner 5.5 tonnes	Voltas Ltd., Hyderabad	1	1.20
Autoclave	Hiranya chem.-Elec Equipment Pvt.Ltd., Hyderabad	1	0.70



Double cone blenders - 20g	Hiranya chem.-Elec Equipment Pvt.Ltd., Hyderabad	1	0.10
Fermentor 0.5 KL (incl. Instrumentation)	Alfa Laval India Ltd., Sec'bad	1	36.30
Heavy duty rotary shaker	Labtech Services, Hyderabad	1	0.50
Laboratory Fermentor (5L.20L)	Tejdeep Engg. Enterprises Pvt.Ltd., Hyderabad	2	4.20
Laboratory Fermentor (50L)	Alfa Laval India Ltd., Sec'bad	1	3.10
Laminar air flow	Kirloskar Electrodinc Ltd., Pune	2	0.30
Tray drier	The Bombay Engg. Works Ltd., Mumbai	1	0.60
Pilot Plant - Solvent / Sterile water Storage Tanks			
Storage Tanks - 200 L	Hiranya Chem-Elec Equipment Pvt.Ltd., Hyderabad	1	0.10
Water tank - 2KL	Hiranya Chem-Elec Equipment Pvt.Ltd., Hyderabad	1	0.20
Water Tanks-200L	Hiranya Chem-Elec Equipment Pvt.Ltd., Hyderabad	1	0.10
	Total		689.40

Utility Equipment

Description	Supplier	Qty.	Amount (Rs in Lakhs)
Boiler System Fuel - Oil fired 1000 kg/h incl stack	Thermax Ltd., Hyderabad	2	11.50
25 TR EG Brine Units - 200C	Blue Star Ltd., Hyderabad	2	8.10
Chilled Water Plant 5-80C	Thermax Ltd., Hyderabad	2	19.00
Cooling Towers	Paharpur Cooling Towers Ltd., Calcutta	2	3.00
High Vacuum System	Hydrovac Systems Ltd., Hyderabad	2	0.90
Solvent Recovery System	Hiranya Chem-Elec Equipment Pvt.Ltd, Hyderabad	1	10.90
Borewells	Lumpsum	2	0.20
Raw Water Filtration & treatment equipment 10 m3/h	Aquatron Systems Pvt.Ltd., Sec'bad	1	0.50
Water Softening System 5 m3/h	Aquatron Systems Pvt.Ltd., Sec'bad	2	1.40
DM Water Plant 5 m3/h	Thermax Culligan Pvt.Ltd., Hyderabad	2	21.50
Hot Water Generation System 5 m3/h	Thermax Ltd., Hyderabad	2	1.40
Fire Hydrant System	Pelicon Service, Sec'bad	1	7.90
DG Sets. 250 KVA, 430 V with controls etc & AMF	Uni Power Engineers Pvt.Ltd., Sec'bad	3	18.20
Air Conditioning plant - 10 TR	Voltas Ltd., Hyderabad	3	6.90
Dehumidification plant	Arctic India Sales, Hyderabad	1	10.50
Multi-Scrubbers System	Global Electronics., Hyderabad	2	0.30
Transformers 11KVA 430 V 1500 KVA 50 Hz	Lumpsum	1	1.80
Sub-Station Panels 2P and 4 P structures etc.	Lumpsum	1	0.30

Cold Room 5 deg C (20 x 10 x 8) ft	Blue Star Ltd, Hyderabad	1	1.20
Tank Farm for Diesel	Lumpsum	1	3.00
Hot Water Generation System 2 m ³ /h	Thermax Ltd, Hyderabad	1	0.50
DM Water Plant - 1 cu m / hour	Aquatron Systems Pvt.Ltd., Sec'bad	1	0.70
63 KVA - DG set	Jackson Generators Pvt.Ltd., Hyderabad	1	0.90
Cooling Tower for Pilot Plant	Paharpur Cooling Towers Ltd., Calcutta	1	0.10
Water Treatment system - 8 cu.m	Aquatron Systems Pvt.Ltd. Sec'bad	1	0.10
Foundations for Utilities & Recovery Equipment		1	5.30
Total			136.10

Effluent Treatment / Water Recycling Plant

Description	Supplier	Qty.	Amount (Rs in Lakhs)
Biological Treatment Plant (50 Cbm)	Sai Enviro Engineers Pvt.Ltd., Hyderabad	1	51.70
Incinerator w/stack &inst.	—do—	1	3.80
RO Filters system for Water recovery 20KL/d	Trisep Corporation., USA thru Sree Ekadantha Engineering Consultants Pvt.Ltd., Hyderabad	1	6.60
Workshop equipment	Lumpsum		41.40
Total			103.50

Technical Know-How Fee

Our Company has entered into agreement for Technology Transfer with Biofin Laboratories, s.r.l, Italy dated June 2, 2005. Our Company will pay a total technical know how fees of Rs 500 Lakhs in four installments during the implementation period of the project. For further details on agreement, please refer the section titled “ Collaboration” and “Other Material Agreement” on page 47 and page no 54 of this Prospectus.

Miscellaneous Fixed Assets

Our Company would acquire other miscellaneous Fixed Assets including furniture & fixtures, computers, other office equipments etc. to the tune of Rs 50 Lakhs. Our Company has purchased some of the furniture & fixtures, computers etc for an amount of 31.90 Lakhs.

Preliminary & Preoperative Expenses

Preliminary expenses (Rs. 19.80 Lakhs) shall be written off over ten years. It includes expenditure towards Memorandum & Articles of Association, Company registration charges and fee for market survey, project report etc. Preoperative expenses include mainly salaries and wages during implementation (Rs. 26.00 Lakhs), interest during construction (Rs. 50.00 Lakhs), detailed engineering fee (Rs. 80.00 Lakhs) and construction management fee (Rs. 15.00 Lakhs) to Project Management Consultant, security deposit for power (Rs. 25.00 Lakhs), Public Issue Expenses (Rs. 70.00 Lakhs) etc.

Contingencies

Our Company has estimated contingency amount of Rs.137.83 Lakhs. Contingencies are provided @ 10% on civil works and @ 7% on plant & machinery.

**Margin Money for Working Capital**

The working capital requirement of our Company is as under:

Particulars	Months	(Rs in Lakhs)
		Amount 2007-08
Raw Materials	1.5	34.73
Work in Progress	1	49.59
Finished Goods	1	59.59
Sundry Debtors	2	200.18
Sub total		344.09
Less: Creditors	1	23.15
Net working capital		320.94
Less: Bank Borrowing		-
70% requirement		224.66
Margin Money for Working Capital		96.28

Schedule Of Implementation

The implementation schedule for the project is envisaged on conservative basis as under:

Activity	Commencement Date	Completion Date
Land & Site Development		
Acquisition of Land	January, 2006	Completed
Development of Land	February, 2007	Completed
Building & Civil Works		
Civil Work	September, 2007	November, 2007
Factory Building	November, 2007	January, 2008
Plant & Machinery:		
Placement of Order	Already Placed	Already Placed
Delivery at Site	October, 2007	November, 2007
Erection of equipment	November, 2007	December, 2007
Commissioning & Trial runs	January, 2008	February, 2008
Commercial production	March, 2008	

Deployment of Funds

Our Company has already deployed Rs.984.85 Lakhs towards the proposed project upto July 31, 2007. M/s P. Murali & Co., Chartered Accountants have vide their certificate dated August 02, 2007 certified the deployment and sources of funds.

(Rs. in Lakhs)		
Sl.No	Deployment of Funds	Amount
1	Fixed Asset	
	Vehicle	7.86
	Computers	15.73
	Furniture & Fixtures	5.41
	Office Equipments	5.61
2	Advance for Land	34.00
3	Advance for Plant & Machinery	745.00
4	Advance for Civil Construction	10.00
5	Land Development	11.23
6	Other Advance	0.22
7	Pre-operative Expenses (Incl. Public Issue Exp.)	149.79
	Total	984.85

Sources for financing of funds already deployed

The funds already deployed have been financed as under:

(Rs. in Lakhs)

S.No	Source of Funds	Amount
1	Share Capital	808.00
2	Unsecured Loans	176.85
	Total	984.85

The entire equity portion of Rs. 1,500.00 Lakhs is proposed to be funded out of the proceeds of this Issue. However, in order to avoid delays in the implementation schedule, our Promoters and certain individuals have, as on July 31, 2007 given unsecured loans aggregating Rs. 131.45 Lakhs. Further, our Company has acquired assets valued at Rs. 23.59 Lakhs by way of hire purchase agreements. Once we fund the equity portion, the entire unsecured loans taken from the promoters and individuals would be paid back.

Details of Balance Funds Deployment

The break up of funds already deployed and year wise proposed deployment of fund is mentioned hereunder:

(Rs. in Lakhs)

Particulars	2007-08					
	Already Incurred	Sept-Oct	Nov-Dec	Jan-Feb	March	Total
Land and Site Development	45.23	34.77	—	—	—	80.00
Buildings & Civil Works	10.00	90.00	183.78	32.78	—	316.56
Plant & Machinery	745.00	—	425.00	50.00	—	1220.00
Technical know-how fee	—	150.00	195.00	155.00	—	500.00
Misc. Fixed Assets	34.61	15.39	—	—	—	50.00
Preliminary and Pre-Operative expenses	150.01	65.87	80.00	107.73	—	403.61
Contingencies	—	—	20.00	117.83	—	137.83
Margin money for Working Capital	—	—	—	—	100.00	100.00
Total	984.85	356.03	903.78	463.34	100.00	2808.00

Interim Use of Funds

Our Management, in accordance with the policies established by the Board, will have flexibility in deploying the proceeds received from the Issue. Pending utilization of the proceeds out of the Issue for the purpose described above, our Company intends to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks. Such investments would be in accordance with the investment policies approved by the Board of Directors from time to time.

Monitoring of Utilisation of Funds

Our Company has not appointed any Monitoring Agency for monitoring the utilization of Issue Proceeds. However, the Audit Committee appointed by our Company will also monitor utilization of funds for the project.

No part of the proceeds of this issue will be paid as consideration to our promoters, directors, key managerial employees or companies promoted by our promoters.



BASIC TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, our Memorandum and Articles of Association, the terms of this Prospectus, Application Form 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 as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorized pursuant to a resolution of the Board of Directors of our Company adopted at its meeting held on February 16, 2007 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956, at the Extraordinary General Meeting of our Company held on March 15, 2007.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by us after the date of Allotment.

Face Value and Price Band

The Equity Shares with a face value of Rs. 10 each are being offered in terms of this Prospectus at a total price of Rs. 10/- per Equity Share, which is one (1) time of the Face Value. At any given point of time there shall be only one denomination for our Equity Shares.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association of our Company, the equity shareholders shall have the following rights:

- a. Right to receive dividend, if declared.
- b. Right to attend general meetings and exercise voting rights, unless prohibited by law.
- c. Right to vote on a poll either personally or by proxy.
- d. Right to receive offer for rights shares and be allotted bonus shares, if announced;
- e. Right to receive surplus on liquidation.
- f. Right of free transferability; and
- g. Such other rights, as may be available to a shareholder of a Listed Public Limited Company under the Companies Act and Articles of Association of our Company.

For further details on the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, please refer to section titled “Main Provisions of Articles of Association of our Company” on page 109 of this Prospectus.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the net issue to the public including devolvement of Underwriters within 60 days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest as per Section 73 of the Companies Act, 1956.

Terms of Payment

Applications should be for minimum of 500 Equity Shares and in multiples of 500 Equity Shares thereafter. The entire Issue price of the Equity Shares of Rs. 10/- per share is payable on application.

In case of allotment of lesser number of Equity Shares than the number of shares applied for, our Company shall refund the excess amount paid on application, subject to minimum allotment size being the minimum application size.

BASIS FOR ISSUE PRICE

Qualitative Factors

1. It is a 100% Export Oriented Undertaking (EOU).
2. Technology Transfer from Biofin Laboratories, s.r.l Italy
3. Sales and Purchase Agreement with Finchimica, Spa Italy to buy 100% of output.

Quantitative Factors

The Issue is at par and therefore, the issue price need not be justified on the quantitative factors.



STATEMENT OF TAX BENEFITS

Tax Benefits to our Company and its Shareholders

We, M/s. P MURALI & CO., Chartered Accountants certify that under the current provisions of the Income Tax Act, 1961 and other applicable direct tax laws for the time being in force as amended upto Finance Act 2007), the following benefits and deductions are available to the Company i.e. **SAAMYA BIOTECH (INDIA) LIMITED** and its members:

(A). Benefits to the Company under Income Tax Act, 1961:

1. The Company will be entitled to deduction of the relevant amount from its total income chargeable to Income Tax, calculated otherwise than under the provisions of Section 115JB of the Income Tax Act, 1961, in respect of any expenditure incurred or any amount paid, subject to compliance of certain conditions laid down in
 - Section 35 (1) m (i) and (iv) of the Income Tax Act, 1961 in respect of any revenue expenditure incurred or any capital expenditure incurred other than the expenditure incurred on the acquisition of any land on scientific research related to the Business of the company to the extent of the expenditure incurred.
 - Section 35(1)(2AB) of the Income Tax Act, 1961, in respect of any expenditure not being capital expenditure in the nature of cost of any land and building on in-house research and development facility as approved by the prescribed authority and enters into an agreement with the prescribed authority for co-operation in such research and development facility to the sum of equal to one and one-half times of the expenditure so incurred.
 - Section 35 (1) (ii) and (iii) of the Income Tax Act, 1961 in respect of any sum paid to a Scientific Research Association which has as its object of undertaking scientific research or to any approved university, college or other institution to be used for scientific research or for research in social science or Statistical Research to the extent of sum equal to one and one fourth of the sum paid.
- 2 Subject to Compliance of certain conditions laid down in Section 32 of the Income Tax Act, 1961 the Company will be entitled to a deduction for depreciation
 - in respect of tangible assets and intangible assets being in the nature of know-how, patents, copyrights , trade marks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 01st day of April, 1998 at the rates prescribed under the Income Tax Rules;
 - In respect of machinery or plant which has been acquired and installed after 31.3.2003 for the purpose of new industrial undertaking or in respect of the existing manufacturing facilities which benefits in increasing the installed capacity by not less than twenty five percent a further sum of 15 % of the actual cost of such machinery or plant will be allowed a deduction;
3. Subject to compliance of certain conditions laid down in section 10 B of the Income Tax Act, 1961, the Company will be entitled to the benefits of deduction from total income of such profits and gains as are derived by 100 % EOU from the exports of goods manufactured by such EOU up to the Assessment year 2010-2011.
4. Subject to compliance of certain conditions laid down in Section 80M of the Income Tax Act, 1961 the Company is entitled to the deduction in respect of the dividends received from other domestic companies to the extent of dividends distributed by it on or before the due date of filing the Return of Income of the relevant year.
5. The company is liable to pay income tax U/s 115(O)(i) of the Income tax act in respect of dividend declared or distributed or paid on or after 01-04-2003 @12.5% for the Income tax and surcharge @2.5% of the Income tax.

(B). Benefits to the members:

I. Under Income Tax Act, 1961:

(a) Resident Members:

1. Under section 10(34) of the Income tax Act dividend on or after April 2003 is exempted in the hands of individual and HUF and as per section 115(O) of the Income tax Act any amount declared, distributed or paid by such company by way of dividend on or after the first day of April 2003 shall be charged @ 15% by the company.
2. In terms of section 10(23D) of the Income Tax Act, all mutual funds setup by public sector bank 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 investments in shares of the company.

3. Under the Provisions of Section 48 of the Income Tax Act, 1961 if the company's shares are sold after being held for not less than twelve months, the gains if any will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
4. In accordance with and subject to the conditions and to the extent specified in Section 54 EC of the Income Tax Act, 1961, the Shareholders would be entitled to exemption from long Term Capital Gains on sale of shares of the company upto investment made out of long Term Capital Gains arising from the sale of such shares in any specified Bonds issued by National Bank for Agriculture and Rural Development (NABARD), National Highways Authority of India (NHAI), Rural Electrification Corporation of India (RECI), Small Industries Development Bank of India (SIDBI) and National Housing Bank (NHB).
5. In case of shareholder, being an individual or Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the Income Tax Act, 1961 the shareholders would be entitled to exemption from Long Term Capital Gains on sale of their shares in the company upon investment of Net consideration in purchase/construction of a residential house.
6. Under the Provisions of Section 112 of the Income Tax Act, 1961 subject to compliance of certain conditions, w.e.f 1st April, 1999, the tax on the Long Term Capital Gains arising on sale of the equity shares of the company on being listed with the stock exchanges will be lower of 10% (plus Surcharge, if any) of Capital Gains (Computed without indexation benefit) or 20% (Plus Surcharge, if any) of Capital Gains (Computed with indexation benefits).

(C). Non-Resident Indians / Non-Resident Members [Other than FIIs and Foreign venture capital investors]:

- i. Under section 115 -I of the Act, a non-resident Indian (i.e an individual being a citizen of India or person of Indian origin who is not a 'resident') has an option to be governed by the provisions of Chapter XXII - A of the Income Tax Act, 1961 viz. " Special Provisions Relating to Certain Incomes of non - residents" which are as follows:
 - a. In case of Non-Resident Shareholders, if the shares in the company have been acquired or purchased with, or subscribed to, in convertible foreign currency, the Long Term Capital Gains on Sale of shares in the company (transfer of shares held for more than a period of 12 months) (in case not covered under section 10(36) of the act) shall be concessionally charged to tax at the rate of 10% (Plus Surcharge as applicable) (without indexation benefit but with protection against foreign exchange fluctuation) without aggregating any other income earned in India, which is taxed separately as specified in clause (b) to Section 115E.
 - b. The long Term Capital Gains on sale of shares (in case not covered under section 10(36) of the Act) in the company shall be exempted from tax upon re-investment of Net consideration in any specified assets as specified in sub section (1) to Section 115F within six months from the date of Transfer of shares. The amount so exempt from tax shall, however, be chargeable to tax, if the new asset is transferred or converted into money within three years from the date of acquisition of the specified new asset.
 - c. Under Section 115 G of the Income Tax Act, a Non-Resident Indian is not obliged to file a Return of Income under section 139(1) of the Income Tax Act, 1961, if his total income consists only of income from investments and/or long term capital gains earned on transfer of such investments and tax has been deducted at source from such income under the provision of Chapter XVII-B of the income Tax Act, 1961.
 - d. Under Section 115H of the Income Tax Act, where a Non- Resident Indian becomes assessable to tax in India, in relation to any previous year, as resident in India in respect of his total income of any subsequent year, he may furnish to the Assessing Officer a declaration in writing along with his Return of Income under Section 139 for the assessment year for which he is so assessable, to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to the investment income derived from any foreign exchange asset, being asset of the nature referred to in sub clause (ii) to sub clause (v) of the sub clause (f) of Section 115C of the Income Tax Act, in which case the provisions of Chapter XII A shall continue to apply to him in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
 - e. Under Section 115(i) of the Income Tax Act, a Non-resident Indian has the option of not being governed by the provisions of Chapter XII-A for any assessment year, whereby his total income for that assessment year (including income arising out of investment in the Equity Shares of the Company) will be computed according to the other provisions of the Act and will, therefore, be eligible to get concessions applicable to a Resident individual and will be liable to tax accordingly.

- f. In terms of section 10(34) of the Income tax Act, 1961, any income by way of dividends referred to in section 115 - O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of the company is exempted from the tax.
- g. Under the provisions of Section 48 of the Income Tax Act, 1961, Capital Gains arising to a Non-Resident from the transfer of Capital Asset being shares in the company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer of the capital assets into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains computed in terms of such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares of the Company.
- h. Under Section 54 EC of the Income Tax Act, 1961, and subject to the conditions and to the extent specified therein, long-term capital gains (in cases not covered under section 10(36) of the Act,) arising on the transfer of shares of the Company will be exempt from Capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - (a) National Bank for Agriculture and Rural development established under section 3 of the National bank for Agriculture and Rural Development Act, 1981.
 - (b) National Highway Authority of India constituted under section 3 of the National A Highway Authority of India Act, 1988.
 - (c) Rural Electrification Corporation Limited , the company formed and registered under the Companies Act, 1956.
 - (d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - (e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989.
- i. Under Section 54 ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) of the Act,) on the transfer of shares of the company, as and when it is listed will be exempted from capital gains tax if the capital gain are invested in shares of an Indian Company forming part of an eligible public issue. Within a period of 6 months after the date of such transfer and held for a period of at lease one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely -
 - (a) the issue is made by a public company formed and registered in India.
 - (b) the Shares forming part of the issue are offered for subscription to the public.
- j. Under Section 54 F of the Income Tax Act, 1961 long term capital gains (in cases not covered under section 10(36) of The Act,) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two year 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.
- k. Under Section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, Long Term Capital gains (i. e is shares are held for a period exceeding 12 months) (incase not covered under section 10(36) of the Act,) arising on transfer of shares in the Company, shall taxed at the rate of 20 % (Plus applicable surcharge) after indexation as provided in the second provision to section 48 . The amount of such tax should however, be limited to 10 % (plus applicable surcharge) without indexation, at the option to the shareholder, if the transfer is made after listing of shares.

(D). Foreign Institutional Investors:

- a. In terms of section 10(34) of the Income tax Act, 1961, any income by way of dividends referred to in section 115 - O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of the company is exempted from the tax.

- b. In our opinion, the equity Share under this offer document constitute eligible shares and the benefit, as stated above, would be available provided the above conditions are complied with.
- c. The income by way of short term capital gains or long term capital gains (not covered under section 10(36) of the Act) realized by FIIs on Sales of shares in the company would be taxed at the following rates as per section 115 AD of the Income Tax Act, 1961.
- Short Term Capital Gains - 30 % (Plus Applicable Surcharge)
 - Long Term Capital Gains - 10 % Plus Applicable Surcharge (Without Cost Indexation and protection against Foreign Exchange Fluctuation)

(Shares held in a company could be considered as a long term capital asset provided they are held for a period exceeding 12 months)

- d. Under Section 54 EC of the Income Tax Act, 1961, and subject to the conditions and to the extent specified therein, longterm capital gains (in cases not covered under section 10(36) of the Act,) arising on the transfer of shares of the Company will be exempt from Capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
- (a) National Bank for Agriculture and Rural development established under section 3 of the National bank for Agriculture and Rural Development Act, 1981.
 - (b) National Highway Authority of India constituted under section 3 of the National Highway Authority of India Act, 1988.
 - (c) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956.
 - (d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - (e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989.
- e. Under Section 54 ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(36) of the Act,) on the transfer of shares of the company, as and when it is listed will be exempted from capital gains tax if the capital gain are invested in shares of an Indian Company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely -
- (a) the issue is made by a public company formed and registered in India.
 - (b) the Shares forming part of the issue are offered for subscription to the public.

Subject to certain conditions laid down in Section 115AD of the Income Tax Act, Foreign Institutional Investors will be charged to tax at 20% (plus Surcharge as applicable) on dividend from shares of the Company, at 10% (plus Surcharge as applicable) on the Long Term Capital Gains arising from the transfer of the shares of the Company and at 30% (plus surcharge as applicable) on Short Term Capital Gains arising from the transfer of the shares of the Company.

Venture Capital Companies/ Funds:

In terms of section 10(23 FB) of the Income Tax Act, 1961 all venture capital companies/ funds registered with the Securities and Exchange of India, subject to the conditions specified, are eligible for exemption from Income Tax on all their Income, including dividend from and income from sale of shares of the company.

II. Under Wealth Tax Act, 1957:

The member of the company will not be liable to pay any Wealth Tax in respect of Shares held by them since the same are not covered under the definition of “ASSETS” under section 2 (EA) of the Wealth Tax Act, 1957.

III. Under Gift Tax Act, 1958:

With effect from 1st October 1998 no gift tax shall be levied on gift of shares of the Company.



NOTES:

1. All the above benefits are as per the Current Tax Law as amended by the Finance Act, 2003.
2. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
3. In respect of Non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Agreements, if any, between India and the Country in which the Non Resident has fiscal domicile.
4. 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.

SECTION IV - ABOUT US

INDUSTRY OVERVIEW

Disclaimer: Pursuant to the requirements of the SEBI Guidelines, the discussion on the business of our Company in this Prospectus consists of disclosures pertaining to industry grouping and classification. The industry grouping and classification is based on our Company's own understanding and perception and such understanding and perception could be substantially different or at variance from the views and understanding of third parties. Our Company acknowledges that certain products described in the Prospectus could be trademarks, brand names and/ or generic names of products owned by third parties and the reference to such trademarks, brand names and/or generic names in the Prospectus is only for the purpose of describing the products. The industry data has been collated from various industry and / or research publications and from information available from the World Wide Web.

PHARMACEUTICALS INDUSTRY - GLOBAL SCENARIO

According to the data from IMS Health Incorporated or IMS, the global pharmaceutical industry has grown at the rate of 10% over the last seven years. The size of the global pharmaceutical industry is estimated at US\$518 billion and is concentrated in the developed world. Around 48% of the market is cornered by North America, 28% by the European Union and 11% by Japan as of December 2004. (Source: IMS Intelligence 360 Report).

IMS Health projects that the global industry would register strong growth even in the face of continued government pressure on pricing and a number of widely used drugs going off patent.

- The pharmaceutical sector is the second largest global industry (banking is the largest)
- The US Food & Drug Administration (FDA) is the most powerful national regulatory body, driving the regulatory framework in which the sector operates globally.
- Global pharmaceutical players are facing expiry of patents on more than 75 percent of the drugs already in the streamline and their manipulation in getting these patents extended are facing with lot of resistance in the wake of hosts of drugs going off patent in the U.S, approximately US\$80bn, higher purchasing power, increasing healthcare costs and well developed health insurance and reimbursement system in developed countries,
- Indian Pharma companies can seize this opportunity and increase the market share in the global market.

EMERGING TRENDS

The pharmaceutical industry is always looking for opportunities for growth particularly since patents on many of their blockbuster drugs are soon to expire. Some of the emerging trends include:

- Mega-mergers between leading pharma players
- Restructuring of operations
- Advancement of Biotech

MERGERS:

Many patents of the Blockbuster drugs are very soon going to be expired. And there are very few potential blockbuster drugs in pipeline. In 2000 Glaxo Wellcome bought up Smith Kline Beecham and become Glaxo SmithKline the largest pharmaceutical company in the world. Pfizer bought Warner - Lambert etc. By merging the companies have been able to pool research and development resources and cut costs. Merging also enabled these companies to increase their product lines by gaining a broader range of products across multiple therapeutic areas such as cardiovascular, central nervous system, respiratory etc.

RESTRUCTURING:

Another way by which the pharma giants are trying to increase their profitability is by restructuring their operations to focus on particular therapeutic areas. Pfizer, Glaxo SmithKline and Novartis have split their R&D efforts in to specific areas such as central nervous system, cancer and cardiovascular. These semi autonomous R&D units make R&D efforts more commercially viable.

(Source: IMS HEALTH)

INDIAN PHARMACEUTICAL INDUSTRY

The Indian drugs and pharmaceuticals industry has made rapid strides over the years. Today the industry is manufacturing practically the entire range of the therapeutic products. It is capable of producing raw materials for the manufacture of a wide



range of bulk drugs from the basic stage and a range of pharma machinery and equipment. The industry has achieved global recognition as a low cost producer of quality bulk drugs and formulations. Leading Indian companies have established marketing and manufacturing activities in over 60 countries including USA and Western Europe. The phenomenal progress made by the industry over the years is depicted below

Progress of the Pharma Industry

Year Status

1950s Formulations Mostly imported MNC dominance

1960s Formulations Domestic endeavor on imported bulk drugs

1970s Formulations Some imports Bulk Drugs Indigenous manufacture by domestic companies

1980s Formulations Marginal Imports (<5%) Bulk Drugs Significant indigenous manufacture based on Domestic R&D)

1990s Formulations Significant exports, minimal imports (2%) Bulk drugs Self reliant (exports > imports)

2000s Signatory to WTO and patent protection act Formulations Contract Manufacture, launching of generics in International markets Bulk Drugs Significant tie-ups in contract, research, drug discovery and drug development, and biotechnology. The Indian pharmaceutical industry is a success story providing employment for millions and ensuring that essential drugs at affordable prices are available to the vast population of this sub- continent.

The Indian Pharmaceutical industry today is in the front rank of India's science - based industries with wide ranging capabilities in the complex field of drug manufacture and technology. A highly organized sector, the Indian Pharma Industry is estimated to be worth \$4.5 billion, growing at about 8 to 9 percent annually. It ranks very high in the third world, in terms of technology, quality and range of medicines manufactured. From simple headache pills to sophisticated antibiotics and complex cardiac compounds, almost every type of medicine is now made indigenously.

BIOTECH INDUSTRY

Pharma Companies are also looking to keep up with their profits and sales growth through what they call the revolutionary breakthroughs of biotech.

BIOTECHNOLOGY:

Biotechnology comprises techniques applied to organisms or parts thereof to produce, identify or design substances, or to modify organism for specific applications. Cell fusion techniques, hybridomas recombinant DNA technology protein engineering and structure based molecular design are considered as modern biotechnology. Emanating from the above the structural and functional genomics complemented with computer-aided informatics and biochips are making fast inroads into the frontiers of modern biotechnology. Differentiated stem cell proliferation and animal cloning techniques are developing very fast. In addition, several technology platforms that have emanated from increased understanding of signal transduction pathways of cells and tissues, cell based immune reactions, tissue engineering, proteomics, bio-informatics including bio-chips and genomic sequencing of organisms, all these areas hold enormous hope for providing new biotech products that would have wide applications.

Conventional biotechnology includes fermentation or conversion of substrates into desired products by biological processes, downstream processing for recovery of metabolites, use of microbes or enzymes for producing value added products, serum vaccines and diagnostics produced by conventional methods, reproduction, artificial insemination and embryo transfer technology, plant cell or tissue culture,. Plant breeding for producing better seeds or plants cultivars, bio-fertilizers, biopesticides, plant growth stimulants, extraction and isolation of active principles from plants or animals or parts thereof.

World over, no sector of industrial activity was specifically designated as biotechnology industry per se so before the early 70's although conventional fermentation based industry was at its peak especially in the production of antibiotics, enzymes, fermented beverages, certain organic chemicals and biochemicals. Viral and bacterial vaccines were also produced by multiplying the target microorganisms (viruses) in specific pathogen free eggs or in certain safe cell lines or in defined biological media. The products were used as such or after inactivation.

This scenario fast altered with the rapid advances in genetics, microbiology and immunology at the molecular level. The techniques of splicing and recombination of nucleotide sequences at specific sites, the discovery of vectors for transporting trans-nucleotide sequences to organisms and stably integrating composite cassettes comprising promoters, genes, enhancers, [markers](#), terminators, etc. into the chromosomes or through shuttle vectors, thereby enabling the expression of transgenes into unrelated hosts brought revolution to the understanding of biology of organisms.

Biotechnology Overview - India:

India is on the threshold of a biotechnology revolution. Vast changes to facilitate growth are taking place in the country. The advantages the country has are the large pool of scientific talent available at a reasonable cost, a wealth of R & D institutions, rich and varied bio-diversity, strong IT skills and an English speaking population. Venture capitalists are now keenly studying the sector for opportunities.

While India has been practicing conventional methods of biotechnology, the use of modern biotechnology is relatively new and therefore several vital issues such as Intellectual property rights, Bio-diversity bill etc need immediate attention. India is taking steps to rationalize its policies in order to conform to WTO provisions. This has not been an impediment to working with foreign institutions and companies jointly on projects that are mutually beneficial. The Department of Biotechnology (DBT), under the Ministry of Science & Technology, Government of India, set up in 1986 has promoted and accelerated the pace of development of biotechnology in India.

The Department has funded several R & D projects, demonstrations and infrastructure facilities around the country. One of the most important projects is the Indian Genome Initiative (IGI) to study the genetic variation of the diverse Indian population. The 5 years programme has a funding support of US \$ 20 million. Several State Governments such as Karnataka, Tamil Nadu, Andhra Pradesh, Maharashtra and Delhi have taken initiatives to encourage entrepreneurs to set up biotech industries in their States. Some of the key steps taken by the State Governments include: announcing separate Biotechnology Policy for their States, setting up of exclusive Biotechnology Parks, setting up of Task Forces with experts to guide them on policy issues. Bangalore in Karnataka, the IT capital of India and Hyderabad in AP is emerging as the hub of Biotechnology in India.

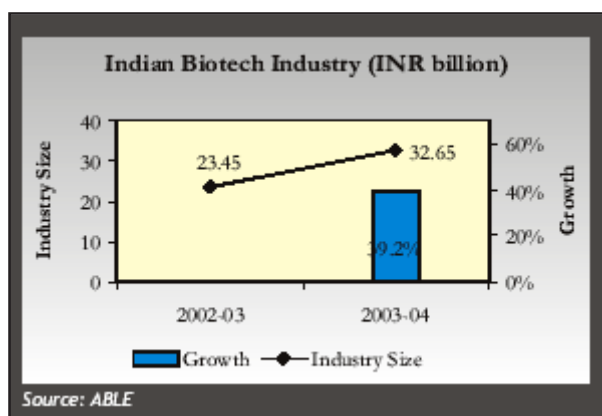
Biotechnology and Its Applications:

In 1885, scientist Roux demonstrated that embryonic chick cells could be kept alive outside an animal's body. For the next hundred years, advances in cell/tissue culture have provided fascinating glimpses into many different areas such as biological clocks and cancer therapy. With genetic engineering, new proteins are synthesized. They can be introduced into plants or animal genomes, producing a new type of disease resistant plants, capable of living in inhospitable environments (i.e. temperature and water extremes,). When introduced into bacteria, these proteins have also produced new antibiotics and useful drugs. Techniques of cloning generate large quantities of pure human proteins, which are used to treat diseases like diabetes. In the future, a resource bank for rare human proteins or other molecules is a possibility. For instance, DNA sequences which are modified to correct a mutation, to increase the production of a specific protein or to produce a new type of protein can be stored. This technique will probably play a key role in gene therapy.

Market Potential

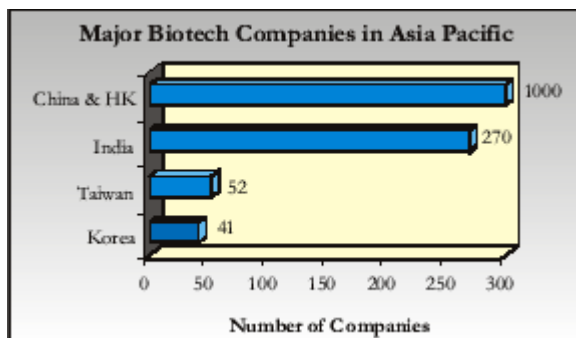
Industry Size

As per the Association of Biotech Led Entrepreneur (ABLE) survey, Indian Biotechnology industry was around Rs 32.65 billion (US \$ 0.7 billion) in March 2004, as against Rs 23.45 billion (US \$ 0.52 billion) in the previous year, registering a growth of over 39%. At present Indian Biotechnology industry is increasing by 1.2% as against the previous year.



Indian Biotech Industry in the World

In terms of numbers of Biotech companies India ranks 11th in the world and 3rd in the Asia-Pacific.



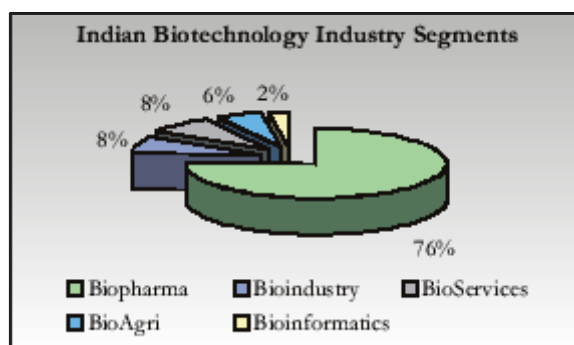
Source: ABLE

Industry Segments

Indian Biotechnology industry is classified around five major segments. They are

1. Biopharmaceutical
2. Bioagriculture
3. Bioinformatics
4. Bioservices
5. Bioindustry

Out of these five segments, Biopharmaceutical segment is contributing 76% of the Indian market in 2003-2004.



Source: ABLE

India has been practicing conventional biotechnology for several decades. Products manufactured by the use of genetic engineering, immunological techniques, cell culture methods and hybridoma technology are increasingly being used during the last 5 years and local research in these areas has been intensified. The following table-1 gives the current consumption and future demand of biotech products in value in India, as compiled and computed by the author.

(Source : FICCI)

Estimated Investment Opportunities in Biotechnology in the Near Future

Over the next five years, biotechnology can offer opportunities for fresh investment of Rs. 7 to Rs. 8 billion in India. This fresh investment, if realised, could result in a turnover of Rs. 9 to Rs.10 billion during the next 5 to 7 years. This could contribute towards import substitution, augmentation of local production and introduction of some new products in the global market.

The growth is expected in the following segments of the industry:

Agri-biotech	60%
Diagnostic and therapeutics	25%
Vaccines	15%

Biotechnology in Healthcare

- Diagnostics
- Vaccines
- Recombinant Therapeutic Proteins

Diagnostics

The market for diagnostics in India stood at about US\$ 100 million during 1997 and this is estimated to reach \$200 million by the end of this year. Around 50% of the demand is met by imports.

There is an increased consumption of diagnostic devices and tests in public hospitals. There are more than 11,500 hospitals and 14,000 diagnostic laboratories in India that consume large volumes of diagnostics.

Vaccines

The domestic vaccine market is currently in the region of \$100 million and this is growing at the rate of more than 20% per year. The potential for these products is immense with the possible market for all types of diarrheal vaccines alone being about \$200 million.

Major multinational pharmaceutical companies active in the vaccine businesses in India include SmithKline Beecham, Hoechst, Glaxo Wellcome and the Serum Institute. In addition, Shantha Biotechnics manufactures a recombinant HBsAg vaccine (Shanvac B), at a cost of approximately \$5 per dose. This is the first such genetically engineered product from any category in India.

(Source: CII)



Business Overview

Our Company was incorporated on August 13, 2002 and set up as a 100% EOU unit with an objective to carry on the business of manufacture, buy, import, export and generally deal in all types of chemicals, pharmaceuticals, drugs and intermediates. Presently our Company is not undertaking any activity.

Our Company proposes to set up manufacturing facility of biopharmaceuticals in Shapoorji Pallonji Biotech Park Pvt Ltd, at plot No 2, Kolthur village, Shameerpet Mandal, Rangareddy District, Andhra Pradesh to manufacture low volume high value active Bio-Pharmaceutical ingredients viz., Daunomycin (anti-cancer), Hyaluronic Acid - Pharma Grade (Ophthalmic medicine) and Cosmetic Grade.

SWOT ANALYSIS

Strengths

- Being located in biotechnology park gives access to better infrastructure facilities and concessions.
- Technology is being obtained from Biofin Laboratories spa, Italy.
- Approval from Government of India for 100% EOU already obtained.
- Sales and purchase agreement with Finchimica, Italy to buy entire production.
- Simultaneous installation of the main plant and machinery alongwith production of commercially marketable biotech products in the R & D and Pilot Plant immediately.
- The project has inherent strength - manufacture of high value low volume products
- The technology used to manufacture these products is modern and updated.
- The project has leadership and guidance of competent technical / scientific and management experts.
- Currently the products are being imported into the country, being a front runner as a domestic producer will help in gaining foothold in the market.
- Upstream and Downstream processes are quite similar for all the three products and marginal complementary equipments are needed. Thus, three products of differing market value can be produced with the same set of equipments.
- None of the products is tied up with Patent or proprietary rights.

Weakness

- The promoters of our Company are first generation entrepreneurs
- Our Company is totally dependent on Finchimica, Spa Italy for the selling of their entire production.
- The technology used is from Biofin laboratories, Italy and our company is wholly dependent on the same.

Opportunities

- Our Company will further tie up with other reputed companies for technology transfer apart from the present technology used from Biofin, Italy.
- The scientist's expertise would create new opportunities for producing new innovative products and technologies in In-House R&D.
- The market and awareness for biotechnology in the world market is growing everyday and hence there would be great opportunities to explore for the existing companies.
- It plans to produce products of high value with export potential and avoid import of the same for indigenous use.
- Opportunity for mastering fermentation technology for high value low volume products with sophisticated equipment for down stream processing. This would enable create facilities for genetic recombinant biotech products of extremely important clinical significance.

Threats

- The fluctuation of currency in the international market could affect the company's projected revenues.
- Change of policies of the government and the regulations from time to time imposed by new Governments could affect the project.

- Competition can be expected from established Indian drug manufacturers viz. RPG Lifesciences, which could affect the progress and profitability of this new venture.
- Being a new biotech venture, there could be delays and hurdles as they have to meet the requirements of Regulatory Agencies in India.
- Our Company is planning to begin its activities in the laboratory and pilot plant based on internationally accepted Good Laboratory Practices (GLP) and Good Manufacturing Practices (GMP).
- Our Company will conform the erection of equipments-validation-use and manufacturing practices based on United States Food & Drug Administration (USFDA) norms and shall be using the services of a person/persons with knowledge of USFDA regulations. Our Company will also get World Health Organisation (WHO) / European Union (EU) and Therapeutic Goods Administration (TGA), Australia, clearances.

Location of our Project

Our Company has reserved land for its project located at Plot No 10, Shapoorji Pallonji Biotech Park Pvt Ltd, Kolthur Village, Shamirpet Mandal, Ranga Reddy District, Andhra Pradesh, India

Plant & Machinery, Technology, Process etc**Plant & Machinery**

Our Company proposes to acquire Plant & Machinery on turnkey basis for the project from M/s Sree Ekdanta Engineering Consultants Private Limited. The cost of plant and machineries is estimated at Rs. 1220.00 Lakhs. For further details, please refer to the head “Plant & Machinery” under section titled “ Objects of the Issue”

Technology

Our Company has entered into an agreement for Technology Transfer with Biofin Laboratories s.r.l. Italy dated June 2, 2005. As per the agreement, Biofin will provide the Technology know-how to our Company to manufacture Daunomycin and Hyaluronic Acid. The detailed Technical information which includes all inventions, processes and manufacturing skills pertaining to the Products and also Technical Assistance for all the necessary actions to stabilize and to improve the production of the products, will be provided by Biofin. Our Company will manufacture the products strictly in accordance with the Technical Information given by the Biofin and Biofin will give all reasonable directions that may require from time to time with regard to manufacture of the product.

Manufacturing Process

Biotechnology is a technique which uses living organisms or parts of organisms to make or modify products, improve plant or animal productivity or to develop micro-organisms for specific use. A narrower definition refers to new “high-end” biotechnology, involving recombinant DNA, cell fusion and novel bio-process engineering techniques such as gene transfer, embryo-manipulation, monoclonal anti-bodies etc. Biotechnology, thus, involves the integration of such disciplines as biology (plant, animal, microbial), biochemistry, molecular biology, genetics, chemical engineering and computer sciences.

Our Company proposes to use living organism in fermentation, either in batch or batch and feed mode to produce the proposed products. Downstream process is product specific. The process in respect of the proposed products individually is discussed hereunder.

Process of manufacturing the proposed products**A. Daunomycin**

Fermentation of the fungi, *Streptomyces griseus*, *ceoruleorubidus* and others in a 5m³ stainless steel fermentor, yields Daunomycin, which is extracted from filtered broth with non-polar solvent and crystallized. The product is purified by chromatography and precipitated with acetone.

B. Hyaluronic Acid

It is a standard type fermentation using 20m³ stainless steel fermentor. The acid is recovered after inactivation of the microbial culture and maturation of the broth by precipitation from the filtered fermentation broth.




Flow Charts of Manufacturing Process

I. DAUNOMYCIN

Master Culture Test Tubes ↓	From Stock	Frozen Stock Culture
Working Culture Preparation 35 vials ↓	72 hrs	Frozen stock Culture made
Shake Flask 1-2 Lit ↓	24 hrs	One Culture tube expanded to 1-2 lit
Laboratory inoculum Prepn 10 Lit ↓	36 hrs	1-2 Lts. culture is expanded to 10 Litres culture
Vegetative Fermentor 200 Lit ↓	36 hrs	1:3 to 1:4 expansion at successive fermentor for inoculation of next fermentor till required volume and density of microorganisms are achieved for production fermentation ↓ 2580 lit inoculum ready
Vegetative Fermentor II 500 Lit ↓	36 hrs	
Pre - Fermentor 2000 Lit ↓	36 hrs	
Final Fermentor 5000 Lit ↓	168 hrs 8.385 Kg/Batch	Production of daunomycin
Micro Filtration ↓	36 hrs, 6.45 kg	Separation of Microorganisms
Solubilization ↓	36 hrs, 5.16 kg	Separation of Daunomycin from Microorganisms
Micro Filtration ↓	36 hrs, 4.515 kg	Separation of Microorganism for the liquid broth
Ultra Filtration ↓	36 hrs, 3.87 kg	Liquid broth is filtered for molecular separation
Elution Chromatorgraphy ↓	24 hrs, 3.225 kg	Both fraction from microorganisms and liquid broth are purified through columns
Polishing Chromatography ↓	24 hrs	Further purification to prepare injectable grade daunomycin
Freeze Drier	24 hrs 1.935-2.58 Kgs / batch	Dried injectable quality product 92 Batches / A, 225 Kgs/A

II. HYALURONIC ACID - COSMETIC

Master Culture Test Tubes ↓	From Stock	Frozen Stock Culture
Working Culture Preparation 35 vials ↓	72 hrs	Frozen stock Culture made with single master culture tube
Shake Flask 2 Lit ↓	24 hrs	One Culture tube expanded to 1-2 lit liquid culture 1 with growth medium
Laboratory inoculum Prepn 10 Lit ↓	24 hrs	1-2 Lts culture is expanded to 7 Litres culture
Vegetative Fermentor 200 Lit ↓	36 hrs	1:3 to 1:4 expansion at successive fermentor for inoculation of next fermentor till required volume and density of microorganisms are achieved for production fermentation  3400-4250 Lts inoculum ready
Vegetative Fermentor II 500 Lit ↓	36 hrs	
Pre - Fermentor 2000 Lit ↓	36 hrs	
Pre-Fermentor II 5000 Lit ↓	36 hrs	
Final Fermentor 20000 Lit ↓	48 hrs, 39.1 Kg/batch	Production of Hyaluronic Acid
Cen'trifuge ↓	36 hrs, 36.55 kg	Microorganism is separated by centrifugation in liquid state
Vacuum Drying ↓	36 hrs, 33.15 kg	Microorganism is vacuum dried to reduce the quantity to be handled
Extraction ↓	36 hrs, 31.45 kg	Solvent extraction of microorganism to dissolve hyaluronic acid in the solvent
Elution Chromatorgraphy ↓	36 hrs, 28.05 kg	Solvent is passed through columns to separate hyaluronic acid
Polishing Chromatography 10 Kg ↓	24 hrs, 24.65-26.35 Kg 22 Batches /A 550 Kgs/A	Further purification to produce Cosmetic grade hyaluronic acid



III. HYALURONIC ACID - PHARMA

Master Culture Test Tubes ↓	From Stock	Frozen Stock Culture
Working Culture Preparation 35 vials ↓	72 hrs	Frozen stock Culture made
Shake Flask 1-2 Lit ↓	24 hrs	One Culture tube expanded to 1-2 lit liquid culture with growth medium
Laboratory inoculum Prepn 10 Lit ↓	24 hrs	1-2 Lts culture is expanded to 10 Liters culture
Vegetative Fermentor 200 Lit ↓	24 hrs	1:3 to 1:4 expansion at successive fermentor for inoculation of next fermentor till required volume and density of microorganisms are achieved for production fermentation ↓ 6720-8400 Lts inoculum ready
Vegetative Fermentor II 500 Lit ↓	24 hrs	
Pre - Fermentor 2000 Lit ↓	24 hrs	
Pre-Fermentor II 5000 Lit ↓	24 hrs	
Final Fermentor 20000 Lit ↓	96 hrs, 72.24 Kg/batch	Production of Hyaluronic Acid
Micro Filtration ↓	36 hrs, 57.12 kg	Separation of Microbial biomass and to separate the polymer product in liquid state
Precipitation ↓	36 hrs, 45.36 kg	Precipitation of hyaluronic acid polymer
Micro Filtration ↓	36 hrs, 28.56 kg	Separation of insoluble high molecular weight particles
Ultra Filtration ↓	36 hrs, 15.12 kg	To separate product of specific molecular weight and its washing
Freeze Drier ↓	24 hrs, 10.08-11.76 Kg/Batch 11 Batches /A 125 Kgs/A	Drying step to prepare product of pharma quality

COLLABORATIONS

Our Company has entered into an agreement with Biofin Laboratories s.r.l, Italy for Technology Transfer dated June 2, 2005 and is valid for a period of five years from the effective date (date when RBI permission is obtained) of agreement. Our Company may go in for further technology transfer or may continue with the existing product profile.

Biofin Labs is an independent R&D and Biotechnology company based in Italy. The mission of the company is to serve as a reliable and dependable source of scientific and technological services to meet the growing needs of bio-industries for advanced technologies and high quality products.

The expertise of Biofin lies in the areas of research in:

- Natural products from microorganisms
- Free and immobilized enzymes for cosmetic, agriculture and pharmaceutical industries
- Specific treatment of industrial waste ,

The technological services offered by Biofin include

- Biological analysis and Controls and
- Product integrity tests

Information about Biofin Laboratories s.r.l. Italy with whom our Company has entered into a Technical Collaboration, is as under:

Place of Registration	:	Mantovano, Italy
Year of Incorporation	:	1986
Net worth (2006)	:	Euros 11,250,000
Gross Turnover (2006)	:	Euros 3,675,000
Net profit (2006)	:	Euro 140,000

For further details on agreement between our Company and Biofin Laboratories, s.r.l, Italy, please refer section titled “Other Material Agreements” on page 54 of this Prospectus.

INFRASTRUCTURE FACILITIES

1. Raw Materials

The main raw materials are Thermoamylase (imported), Bacteriological Peptone (imported), Yeast Extract, Antifoam, Triethylamine, Oxalic acid, Sodium bicarbonate, Cellulose resin, KH₂PO₄ etc., which are easily available in the domestic Markets.

2. Power

The aggregate power requirement on completion of the proposed project would be 500 KVA. Our Company has to make an application to the APCPDCL for sanction of connected load of 1100 KVA. The project being located in Shapoorji Pallonji Biotechnology Park Pvt Ltd, Hyderabad no problem is envisaged in obtaining the sanction of requisite power. A 10 MVA sub-station has already been installed at the site. Our Company is also proposing to acquire three DG sets of 250 KVA each as a stand-by arrangement.

3. Water

Our Company's requirement of water is estimated at 106 KL per day which would be drawn out of borewells / State Government. The hardness of borewell water at site is 500-600 mg/litre and the same is acceptable as raw water for the process.

4. Steam

- a) Steam requirements - 2 Tons / hour
- b) Capacity and type of the boiler detailed specifications Coal fired, fluidized bed boiler - 2 Tons/hour.
- c) Coal consumption - 600 Kg /hr.

Steps proposed to be taken by our Company to improve energy efficiency and reduce energy losses (such as power factor improvement, power load management, optimizing illumination, waste heat utilization, etc.)

- For improving power factor, capacitors of different size & capacity would be used.
- For decreasing steam losses, proper insulation and steam traps would be used.
- Economizer would be installed for heat recovery from flue gases.
- Condensate recovery would be done for waste heat utilization.

**5. Compressed Air**

The requirement of compressed air is estimated at 78 tonnes/day and requisite air compressors are provided in the cost of the project.

- a) Requirement 78 tonnes per day
b) Sources Oil free Compressor
c) Arrangements proposed Oil free Compressor

6. Effluent treatment and Pollution Control

For the effluent generated from the process, our Company proposes to construct an effluent treatment plant to ensure that the effluent to be discharged meets the required parameters of the State Pollution Control Board. The Effluent Channel is located adjacent to the plant site and the treated effluent will be discharged in this channel.

Regarding the effluent treatment plant unit, Our Company has obtained the Consent for Establishment (CFE) clearance from Andhra Pradesh Pollution Control Board vide letter dated April 12, 2005.

Products of Our Company**Daunomycin**

Usage: For remission induction of acute lymphocytic leukaemia in combination with other drugs. It prevents tumour replication through inhibition DNA synthesis and DNA dependent RNA synthesis through polymerase inhibition.

Hyaluronic Acid (Pharma & Cosmetic grade)

Usage: It acts like a 'molecular sponge' able to absorb up to 500 times its weight of water. It is thus recognized as the ideal natural moisturizing factor and used widely in cosmetics. Low molecular weight compound is used in cosmetics and high molecular weight compound is used as injectables in ophthalmic surgery and osteoarthritis treatments.

End-use Applications

The proposed product mix and the applications thereof are as under:

Product	Usage	Alternatives and superiority of the proposed products
1. Daunomycin	For remission induction of acute lymphocytic leukemia in combination with other drugs. It prevents tumor replication through inhibition DNA synthesis and DNA dependent RNA synthesis through polymerase inhibition.	Daunomycin is a generic molecule and many derivatives of this molecule (epirubicin, doxorubicin etc.) have been prepared with lower toxicity and better properties. Bleomycin, the existing alternative to daunomycin, has no such derivatives and therefore, has limited market against daunomycin.
2. Hyaluronic Acid	It acts like a 'molecular sponge' able to absorb upto 500 times its weight of water. It is thus recognized as the ideal natural moisturizing factor and used widely in cosmetics. Low molecular weight compound is used in cosmetics and high molecular weight compound is used as injectables in ophthalmic surgery and osteoarthritis treatments.	There is no precise alternative to hyaluronic acid. It is highly effective moisturizer and new surgical aid with excellent biocompatibility and no allergic reaction. Future market is expected to expand in newer areas like tissue engineering apart from current market.

Approach to Marketing and Proposed Marketing Set Up

Our Company has entered into sales and purchase agreement with M/s. Finchimica Spa, Italy to buy all our products and entire production produced by us as per the quantities to the extent of 100%. The agreement is valid for a period of five years from the date of commencement of commercial production.

Export Possibilities and Export Obligations

Our Company is a 100% EOU. One of the conditions for granting EOU status is that our Company shall export its entire production, excluding rejects and sales in the domestic tariff areas for a period of 5 years from the date commencement of production. The unit is required to achieve positive net foreign exchange for a period of 5 years from the date commencement of production.

Our Business Strategy

We intend to increase profitability and improve our market position in the industries /sectors in which we operate by pursuing the following business strategies:

- Establishing new facility, compliant with international regulatory authorities like US FDA, WHO & European Union.
- Capitalise on manufacturing of products, which are patent free.
- **Improving manufacturing technology**

Major emphasis will be given to the manufacturing technology. We strive to achieve best productivity, energy efficiency and cost effectiveness through our processes.

- **Enhancing employees skills & efficiencies**

All employees would be given good working environment, which will help in building a good teamwork. Innovative ideas identified and suggested by employees are implemented, which gives them a sense of belonging and spurs them to excel in their area of working.

- **Reducing environmental pollution**

Our Company is committed to provide a safe, clean and healthy environment. We will continuously strive to minimize the generation of waste water and air emissions, thereby preventing pollution at source and that can be achieved by adopting cleaner technologies, reducing the use of natural resources and reusing & recycling wastes. We will continue complying with all local and national environmental laws and regulations, at all the times.

- **More focus on Research & Development**

Research and Development is the key to the future of Biotech industry. Improvement in life expectancy and health all over the world are the result of a steadily increasing investment in research.

To meet R & D challenges of this industry, we will set up a modern laboratory with latest equipments at Shapoorji Pallonji Biotech Park Pvt Ltd, Hyderabad to support the manufacturing facilities. It is playing a vital role in development of new processes and enhancing the process development of products.

- Taxation laws are comparatively better than in Europe and some parts of US.

Future Prospects

We are a first generation Biotechnology Company in Hyderabad with the aim to manufacture and market high value biopharmaceuticals and recombinant protein products of medical significance. Our Company is continuously working on effective strategies for the production and supply of both bulk and formulations with special focus on life saving drug entities at affordable price. Our Company is backed by business houses - Visu International, Visglo Impex etc., scientists and technocrats in the field of biotechnology.

In line with this forecast we have chosen to focus initially on the manufacture of biotech drugs which are proven to be very effective in the treatment of diseases. Considering the normal trend of fermentation products (which depend on various factors like importance of the product, competition, demand and supply) our Company has taken adequate cushion in pricing the products to sustain in the market in the coming years.

Capacity & Capacity Utilization

Proposed Capacity Utilization during 3 years after commencement of commercial production:



Particulars	For the year ended on			
	Unit	31-Mar-08	31-Mar-09	31-Mar-10
Installed Capacity				
Daunomycin	Kgs	225.00	225.00	225.00
Hyaluronic Acid (Pharma Grade)	Kgs	125.00	125.00	125.00
Hyaluronic Acid (Cosmetic Grade)	Kgs	550.00	550.00	550.00
Proposed Production				
Daunomycin	Kgs	135.00	157.50	180.00
Hyaluronic Acid (Pharma Grade)	Kgs	75.00	87.50	100.00
Hyaluronic Acid (Cosmetic Grade)	Kgs	330.00	385.00	440.00
Capacity Utilization %				
Daunomycin		60.00%	70.00%	80.00%
Hyaluronic Acid (Pharma Grade)		60.00%	70.00%	80.00%
Hyaluronic Acid (Cosmetic Grade)		60.00%	70.00%	80.00%
		-	-	-

Property

Lease Details

The Registered Office of our Company is situated at 104-106, Lumbini Enclave, Punjagutta, Hyderabad-500 082. Our Company is holding these premises in capacity of Sub-lessee for a sum of Rs 7865/- towards rent per month from M/s. Visu International Limited, in which one of the promoters of our Company is the Managing Director. The Sub-lease deed was executed on 1st April, 2007 for a period of 5 years.

Our Corporate Office is situated at 391 D, Jubilee Hills Cooperative House Building Society Colony, Phase III, Society Road No. 81, Hyderabad - 500 033. Our Company is holding these premises in capacity of lessee for a sum of Rs. 50,000/- towards rent per month from Smt. S. Lakshmi.

Purchase of Property

As part of the proposed project cost, our Company has purchased the following properties:

Sr. No	Description of Property/Area	Nature of interest	Name, address and occupation of vendor	Total cost (Rs in Lakhs)	Nature of possession
1.	Land admeasuring 2 acres at Plot No.10, A.P.Biotechnology Park, Phase-II, Kolthur village, Shamirpet Mandal, Ranga Reddy,	For setting up a Biotech unit	Shapoorji Pallonji Biotech Park Private Ltd, A-13, Ground Floor, Street # 3, Indian Airlines Colony, Begumpet, Hyderabad - 500 003	Rs.50.00 Lakhs	Our Company has entered into an Agreement of sale

Our Company has paid Rs 34 Lakhs as advance for purchase of land. However, registration of the land is yet to be completed.

Key Industry- Regulations and Policies

- **Drugs And Cosmetics Act, 1940**

Drugs and Cosmetics Act, 1940 governs and regulates the manufacture, sale, stock, import, export, distribution of drugs. This legislation requires a company inter alia engaged in any of the above activities to obtain licenses for the manufacture, sale, distribution, and import of drugs, as the case may be, from the Drugs Controller General of India and to maintain records of the same. In order to obtain a License for a particular drug, the approval of the Central Drugs Laboratory certifying the standards of quality is required for which the product is subjected to series of tests involving different stages and procedures. In case of APIs, the Drug Controller General of India issues manufacturing licenses. These manufacturing and marketing Licenses are submitted by the company seeking to produce the drug to the state level authority, the Drug Control Administration which clears the drug for manufacturing and marketing. The Drug Control Administration also provides the approval for the technical staff as per the drugs and Cosmetics Act and rules framed under the legislation abiding by WHO inspection norms.

- **Drugs and Cosmetics Rules, 1945**

These Rules have been framed under the Drugs and Cosmetics Act, 1940. These Rules, inter alia, provide that for the purpose of importing drugs import license and registration certificate is required from the Licensing Authority. The authorization by a manufacturer to his agent in India is documented by a Power of Attorney executed and authenticated in India before a 1st class Magistrate or in the country of origin before such equivalent authority. The Rules also provides for the approval of the Technical staff as per the Drugs and Cosmetics Act and rules framed under the legislation abiding by the World Health Organization.

- **The Drugs (Prices Control) Order, 1995**

The Drugs (Prices Control) Order 1995 was promulgated under the Essential Commodities Act, 1955. Under this Order, the Government of India regulates the equitable distribution and increase in supply of bulk drugs, and regulates the availability and fair price mechanism at which bulk drugs are sold. A manufacturer has to submit a list of all the Scheduled and Non-Scheduled drugs produced by it and also the cost of each of the bulk drugs. This Order is to be read in consonance with the Drugs and Cosmetics Act, 1940.

The Government of India also fixes the ceiling price of scheduled formulations, keeping in view the cost or efficiency, or both of major manufacturers of such formulations. Such price consequently operates as the ceiling sale price for all packs including those sold under generic name. The authority appointed under the Order for regulation and fixation of drug prices is the “National Pharmaceuticals Pricing Authority” (NPPA). Upon the recommendation of the NPPA, the Ministry of Chemicals and Fertilizers fixes a ceiling price of the API and issues notifications in respect of drugs which are scheduled drugs and formulations.

The Government of India has the power under the Order to recover charges charged by companies in excess to the notified prices. A Gazetted Officer of the Central Government or State Government so appointed for the purposes of this Act is empowered to enter and search any place, seize any drug to ensure compliance with this order. Contravention of any provisions of this Order is punishable in accordance with the provisions of the Essential Commodities Act.

- **Drugs and Magic Remedies Act, 1954**

The legislation prohibits the advertising of a drug in such a way that the advertisement contains any matter which directly or indirectly misrepresents the true character of the drug or makes a false claim or a claim which is false or misleading in any material particulars. The legislation also expressly prohibits the import or export of any document containing an advertisement relating to the same. The contravention of any provisions of this Act has been made subject to punishments as specified therein.

- **Patent Regulation**

The protection and enforcement of patent rights in India are essentially governed by the Patents Act, 1970 (including the rules framed thereunder), as amended from time to time, the Patent Co-operation Treaty (PCT) and related international conventions to which India is a signatory. A patent unlike a trademark or copyright is territorial in nature meaning that an invention (be it product or process) that is patented in one country does not enjoy protection as a patented invention in any other country.

The PCT is an international treaty between more than 125 Paris Convention countries, administered by the World Intellectual Property Organization (WIPO). The PCT makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing a single “international” patent application instead of



filing several separate national or regional patent applications. The granting of patents remains under the control of the national or regional patent Offices called the “national phase”. In keeping with its commitment as a signatory of Trade Related Aspects Intellectual Property Rights (TRIPs) in 1995, India is required to recognise product patents in addition to process patents in respect of pharmaceutical products. Under the amended Patents Act 1970, patents in India can be granted for a product or a process. Under the new Indian patent regime, patent protection has been increased from seven years to twenty years.

- **Environmental Regulations**

In India, regulation and enforcement of environment protection and safety is governed by three major central regulations namely Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control (Prevention and Control of Pollution) Act, 1981, and the Environment Protection Act, 1986. The main purpose of these legislations is to regulate prevent and control pollution, by the setting up, inter alia of national and regional Pollution Control Boards (PCBs) which monitor and enforce standards and norms in relation to air, water pollution and other kinds of wastes causing environmental damage.

In addition, the Environment (Protection) Act, 1986 also prescribes rules for the management and disposal of hazardous industrial wastes as governed by Hazardous Wastes (Management and Handling) Rules, 1989 and Bio- Medical Waste (Management and Handling) Rules, 1998.

Further all proposals for setting up, expansion or modernization are evaluated in terms of environment assessment impact, by the Ministry of Environment and Forests, which accords the necessary clearance for projects after evaluation of Environment Impact Assessment.

HISTORY AND CORPORATE STRUCTURE

Our Company was incorporated as a Public Limited Company on August 13, 2002 and certificate of commencement of business was issued on August 26, 2002 with the primary objective to carry on the business of manufacture, buy, import, export and generally deal in all types of chemicals, pharmaceuticals, drugs and intermediates. Presently our Company is not undertaking any activity.

The registered office of our Company is situated at 104-106, Lumbini Enclave, Punjagutta, Hyderabad-500 082

Our Company proposes to set up manufacturing facility in Shapoorji Pallonji Biotech Park Pvt Ltd, at plot No 10, Kolthur village, Shameerpet Mandal, Rangareddy District, Andhra Pradesh to manufacture low volume high value active Bio-Pharmaceutical ingredients viz., Daunomycin (anti-cancer), Hyaluronic Acid - Pharma Grade (Ophthalmic medicine) and Cosmetic Grade.

Our Company has entered into technology transfer agreement with Biofin laboratories s.r.l Italy for Technology Know-How to manufacture Bio-Pharmaceutical ingredients.

Our Company has entered into sales and purchase agreement with M/s Finchimica, Italy on September 18, 2004, in terms of which M/s Finchimica, Italy would buy all the products manufactured by us to the extent of 100%.

The detailed engineering and for civil design (in accordance with the regulations of USFDA. and European drug standards) of the plant is being done by M/s. Shapoorji Pallonji and Company Ltd., Mumbai (SPCL). Our Company has already entered into an agreement with M/s. Shapoorji Pallonji and Company Ltd.

MAIN OBJECTS OF OUR COMPANY

1. To carry on the business of manufacturing, buying, selling and dealing in pharmaceuticals, Medical drugs of all kinds including antibiotics, vitamins, bulk drugs, Enzymes, hormones, vaccines, sera and intermediates by organic synthesis, semi-synthesis biotechnology and extractions from natural/herbal plants suitable for manufacturing for human and veterinary applications, surgical, scientific equipments, appliances, accessories, diagnostic kit and related materials health care products, medicals foods and medicated cosmetics.
2. To conduct, study, research, analyze, computerize, codify, reconcile, rectify, the systems bio-technological products and deal in bio- chemical compounds, tools, apparatus, systems and to use new and imported designs, models modulations, calculations, reports, performs in the field of bio-technology, and to establish new products by research and development in medical drugs, pharmaceuticals, medical and health care products and manufacture, deal foods and medicated cosmetics.
3. To manufacture, develop, buy, sell, study, turn into account and deal in all kinds and varieties of bio-compounds, chemicals, combinations, substances either solid or liquid or air based used ingredients, in the manufacture and preparation of drug formulations, chemical compounds, pharmaceutical formulations, oils, grease, liquid and solid substances, and to manufacture, buy, sell and deal in bio-technic, bio-technological and bio-chemical raw materials and ingredients used in the above activity.
4. To carry on the business of Manufacturing, buying, selling and dealing in Pharmaceuticals, medical drugs, chemicals of all kinds including antibiotic, vitamins, bulk drugs, Enzymes, hormones, vaccines, sera and intermediates by organic synthesis, semi-synthesis biotechnology and extractions, from natural/herbal plants suitable for manufacturing for human and veterinary applications, surgical, scientific equipment, appliances, accessories, diagnostic kits and related materials, healthcare products, medical foods and medicated cosmetics.

The main objects clause of the Memorandum of Association of our Company enables us to undertake the activities for which the funds are being raised through the present issue.

Changes in the Memorandum of Association of our Company

Date of Shareholder	Changes
Approval	
05-11-2005	The Authorised Share Capital of the Company was increased from Rs. 5,00,000 comprising of 50,000 Equity Shares of Rs.10/- each to Rs. 2,00,00,000 comprising of 20,00,000 Equity Shares of Rs.10/- each.
30-12-2005	The Authorised Share Capital of the Company was increased from Rs. 2,00,00,000 comprising of 20,00,000 Equity Shares of Rs.10/- each to Rs.25,00,00,000 comprising of 2,50,00,000 Equity Shares of Rs.10/- each.



Change in the Registered Office of our Company

The Registered Office of our Company is situated at 104-106, Lumbini Enclave, Punjagutta, Hyderabad-500 082 and since incorporation there has not been any change in the Registered Office of our Company.

Subsidiaries of our Company

Our Company does not have any subsidiary.

Shareholders Agreements

Our Company does not have any subsisting shareholder's agreement as on the date of filing of the Prospectus.

Other Material Agreements

1) Agreement for Technology Transfer with Biofin Laboratories s.r.l. Italy.

Our Company has entered into an agreement for technology transfer on June 2, 2005 with Biofin Laboratories, s.r.l, Italy. Biofin will provide the technology know-how to manufacture the Daunomycin and Hyaluronic Acid.

Salient Features of Technical Agreement

1. Biofin will provide the technical information which includes all inventions, processes and manufacturing skills pertaining to the products and technical assistance includes all necessary actions to stabilize and to improve the production of both the products with know-how.
2. Biofin undertakes the guarantees in respect to achievement of yields for individual products.
3. Our Company will pay total consideration know how fees of Euro 9,00,000 (Daunomycin Know How -Euro 5,00,000 and Hyaluronic Acid- Euro 4,00,000) in four equal installments. The payment would be made within a period of two weeks from the effective date and against invoice. Effective date has been defined in the agreement as follows: execution of the agreement by the parties hereto and approval of the agreement by the Reserve Bank of India (our Company intends to apply to RBI after completion of the IPO)
4. If requested, Biofin shall lend its assistance in procuring raw materials for the manufacture of products, at Internationally competitive prices, to secure certification under USFDA/European standards.
5. Biofin shall depute its services at the time of trial runs and performance tests along with Experts to provide guidance and supervision to our Company on start up and conducting trial runs necessary to test and establish the various parameters of manufacture of Products as per the Technical Information.
6. Our Company shall manufacture the product strictly in accordance with the Technical information furnished by Biofin and shall comply with the all reasonable directions that may from time to time given to it by Biofin in regard to the manufacture of the product.
7. The agreement is valid for a period of 5 years from the effective date (date when RBI permission is obtained) of agreement.

2) Sales and Purchase Agreement with M/S Finchimica Spa, Italy

Our Company has entered into a sales and purchase agreement dated September 18, 2004 with Finchiminca, Spa, Italy, under the terms of which Finchimica would buy 100% of the entire range of products manufactured by our Company. Finchimica, Spa, was incorporated in 1975 in Milano, Italy. It is involved in three kinds of activities-

- a) Research & Development of fermentation and synthetic technology for the production of antibiotic drugs,
- b) Manufacture of lyophilized cephalosporin and non-antibiotic lyophilized products and
- c) Trading of number of pharmaceutical products and medicines produced by different pharmaceutical companies all over the globe.

The trading division of the company had a turnover of approx. Rs. 500 million in 2006 and Rs 440 million in 2005 while the company's turnover was approx. Rs.3400 million in 2006 and Rs. 3000 million in 2005. The net worth for the year 2005 was Rs. 810 million and for 2006 was Rs. 835 million.

Finchimica does not provide any guarantee with respect to the sales and purchase agreement. In case of termination of the agreement by Finchimica our Company is capable of developing its own marketing avenues and with the help of our group companies to use their offices and contacts abroad developed over the years. We could also take the help of Ms/ Biofin labs, if required, for marketing the products in the European markets.

Salient Features of Sales and Purchase Agreement

1. This Agreement shall be in force for a period of five (5) years from the date of commencement of commercial production of the products by us.
2. The commitment to buy entire 100% of production as per the quantities which may be mutually agreed upon between the parties.
3. Purchase of all products of our Company by Finchimica only refers to those products which, from time to time, will be free from any patent infringing of third parties.
4. Our Company shall pack products manufactured by it in accordance with the packing specifications instructed by Finchimica reasonably well in advance.
5. Finchimica or their associated companies shall agree together with our Company about the form of payment applicable time after time.

3) Agreement with M/s. Shapoorji Pallonji & Co. Limited

Our Company has entered into an agreement dated September 24, 2004 with Shapoorji Pallonji & Co. Ltd to establish a project with in-house technical and financial assistance and detailed Engineering services for the unit to manufacture Daunomycin and Hyaluronic Acid- Pharma Grade and Cosmetic Grade. The agreement is valid upto September 24, 2009.

4) Agreement with Sierra Atlantic Software Services Limited (Sierra Atlantic)

Our Company has entered into an agreement dated October 17, 2005 with Sierra Atlantic for the purpose of supplying plant and machinery on turnkey basis and raw materials through their business associate M/s Sree Ekadanta Engineering Services Private Limited.

Salient Features of the Agreement

- a) Sierra Atlantic Software Services Limited (SASSL) has been defined as turnkey supplier.
- b) The installation of plant & machinery will be done by the turnkey supplier.
- c) The turnkey supplier shall also supply the raw materials required for production.
- d) SASSL has agreed to supply plant and machinery on turnkey basis and raw materials through Ekadanta Engineering Services Private Limited (Ekadanta).
- e) The plant and machinery will be procured by Ekadanta from various suppliers based on the list of plant & machinery provided by Saamya.
- f) The compensation shall be paid to SSASL through Ekadanta as per clause 4 of the agreement.
- g) The turnkey supplier guarantees the performance of Ekadanta and will indemnify the company for any loss that may be incurred due to non-performance of Ekadanta.
- h) The agreement is valid for a period of 5 years (extendable thereafter with mutual consultation).

STRATEGIC PARTNERS

M/s Biofin Laboratories s.r.l. Italy with whom our Company has entered into technical collaboration can be deemed to be strategic partners of our Company.

FINANCIAL PARTNER

Our Company does not have any financial partners.



OUR MANAGEMENT

Board of Directors

The overall Management of our Company is vested with the Board of Directors assisted by a team of professionals.

SrNo.	Name, age, address, Occupation	Qualification	Designation	Other Directorships	Compensation (Rs in Lakhs) 2005-06
1.	Mr. Chavva Chandra Sekhar Reddy, Age: 68 Years Plot No. 366, Road No. 24, Jubilee Hills, Hyderabad - 500 034 Fathers name: Late Mr. Chavva Vengal Reddy Occupation: Business Tenure: Rotation basis	B.Sc., L.L.B	Chairman	1. Visu International Limited 2. Visu Group Services Ltd 3. Visu Films Pvt. Ltd. 4. Visu Communications Pvt.Ltd 5. Visu Hospitality & Residency Pvt Ltd 6. Chavva Estates Pvt Ltd	-
2.	Dr. Y. Manivardhan Reddy, Age: 47 years 1016A, 1st floor Road No. 46, Jubilee Hills, Hyderabad Fathers Name: Late Mr. Y.Venkat Narayan Reddy Occupation : Business Tenure : upto January 31, 2010	B.Sc (Hons), MBBS	Managing Director	NIL	2.40
3.	Dr. K. Narayana Reddy Age: 56 years Gayatri Residency, Flat No. 403, 8-3-222 /B/7/ 40 & 41, D-no. 108, Madhura Nagar, Hyd-500038 Fathers Name: Mr. K.Ramana Reddy Occupation: Professional Tenure : upto January 31, 2011	B.Sc, M.Sc, Ph.D	Director (Technical)	NIL	0.80
4.	Dr. Y. Sonia Reddy, Age: 43 Yrs 1016A, 1st floor Road No. 46, Jubilee Hills, Hyderabad Fathers Name: Mr. Chavva Chandra Sekhar Reddy Occupation : Business Tenure: Rotation basis	B.Sc, MBBS	Director	1. Visu International Limited 2. Visu Group Services Ltd 3. Visu Films Pvt. Ltd. 4. Visu Communications Pvt. Ltd 5. Visu Hospitality & Residency Pvt Ltd.	-

SrNo.	Name, age, address, Occupation	Qualification	Designation	Other Directorships	Compensation (Rs in Lakhs) 2005-06
5.	Dr. Ashok Kumar Sadhukhan, Age: 58 years 101, Vijayaleela Apts., 7-1-32, Ameerpet, Hyderabad-500016 Fathers Name: Mr. Anil Kumar Sadhukan Occupation: Service Tenure: Rotation basis	B.Sc, M.Sc, Ph.D	Director	Transgene Biotek Ltd	-
6.	Mr. Boddapaty Anand Age: 44 Years Flat 502, Padmaja Palaces, Srinagar Colony, Hyderabad - 500 073 Fathers Name: Mr. Boddapati Chidambareshwar Rao Occupation: Business Tenure: Rotation basis	B.Tech, M. Tech (IIT, Madras), Grad CWAPGDBA	Director	1. Millennium Finance Ltd 2. MFL Net Services Pvt. Ltd 3. MFL Insurance Services Pvt. Ltd 4. Apind Communications Pvt. Ltd. 5. Synergies Castings Ltd	-
7.	Dr. P. Anji Reddy Age: 53 Years 176/A/C, Road no. 12, MLAs colony, Banjara Hills Hyderabad Fathers Name: Mr.P. Rami Reddy Occupation: Professional Tenure: Rotation basis	B.Sc, M.Sc, Ph.D. (Organic and Bio Chemistry)	Director	1. Vinar Organics Pvt. Ltd.	-

Brief Profile of our Directors other than the Promoters

Mr. Chavva Chandrasekhar Reddy, Chairman, is the father of our promoter Dr. Y. Sonia Reddy. He started his practice as an Attorney in the year 1960. He was a Member of the Communist Party of India and a State Leader in the Trade Union Movement. Mr.Reddy has exposure in International Law and in late 60s, he represented India in various International Law Conferences held in Moscow, Berlin and Helsinki under the leadership of Mr.V.K. Krishna Menon.

In 1973, he moved to the United States of America as an Immigrant and there he headed International business corporations as Chief Executive. During this period, he was a Member of the U.S. Technology Transfer society, U.S. Chamber of Commerce and Australian Chamber of Commerce. He also was a Special Invitee to the African National Congress and he addressed the ANC in Johannesburg, South Africa.

In 1997 he established Visu Consultants Limited in India, which is today known as Visu International Limited. Visu International Limited is the Flagship Company of the Visu Group of Companies with its offices in various countries and has employee base across the Globe. Visu Group deals in Education, Software, Manufacturing in 8 countries in Africa, Trading from Hong Kong and China with Retail Operations in India and Africa.

Mr.Reddy is a Member of the Osmania University Academic Senate. Mr.Reddy has been appointed as Advisor to the Government of A.P. on Foreign Investments and NRI affairs. In fulfilling this responsibility and in order to benefit the farming community of A.P. in particular, Mr.Reddy is in the process of finalizing a Agricultural Development Scheme in African Countries where the A.P.Farmers would be relocated for using their skills and making their personal fortunes as other expatriates have done for centuries in these countries.



Mr.Reddy has also entered into production of Feature Films and TV serials under the banner Visu Films International. Mr.Reddy has plans to regularly produce feature films under this banner.

Dr.Y. Manivardhan Reddy, Managing Director

For details refer to section titled 'Our Promoters & their Background' on **page 65** of this Prospectus.

Dr. Y. Sonia Reddy

For details refer to section titled 'Our Promoters & their Background' on **page 65** of this Prospectus.

Dr. K. Narayana Reddy, Director (Technical) has research experience in Biomedical sciences at molecular level over 30 years and executive experience of over 15 years in Pharma and Biotech industries. He holds a Ph.D and worked in reputed research institutions in India and abroad like National Institute of Nutrition, Hyderabad and Institute for Physical Biochemistry, Munich, Germany and has guided many doctoral students.

He is instrumental in designing and establishing Biochemistry and drug screening laboratories at Dr. Reddy's Research Foundation (DRF) of Dr. Reddy's Labs. He had experience as Chief of Biochemistry and Scientific Affairs at DRF. He headed Sudershan Biotech Ltd., a research driven Biotech Company which is specialized in developing recombinant protein products. He is heading Dr. Surapaneni's Genomic Solutions Pvt. Ltd., a high technology oriented Biotech company engaged in genomic research and services, and he is instrumental in designing and setting up this company.

Dr. Ashok Kumar Sadhukhan has over 30 years of experience in Industrial Biotechnology in various Bio- Pharma Industries, he is the Director of Transgene Biotek Ltd., and is in charge of Biotech projects. He was the Vice President, Biotechnology Division in Dr. Reddy's Lab Ltd., for 8 years. Dr. Sadhukhan is an expert of Technology development for both secondary metabolites and r-DNA products. He is the Vice Chairman of All India Biotech Association and was Research Council member of Council of Scientific & Industrial Research (CSIR) Laboratories. He was successful in technology transfer of many biopharmaceuticals in the country.

Mr. Boddapaty Anand has expertise in the areas of investment banking, management consulting, corporate finance, distribution of financial products etc. He has more than 18 years of experience in the fields of merges & acquisitions, business valuation, market surveys etc. He was involved in dealing pertaining to listing on the Over The Counter Exchange of India, underwriting public issues, lead management of initial public offer etc. He served companies like S.B.Billimoria & Co., member of Ernst & Young, Nagarjuna Finance Ltd. He also worked as assistant director / deputy director in Central Water Commission, New Delhi, joined the Group A services of Govt. of India through Union Public Services Commission and worked in the area of engineering.

Dr. P. Anji Reddy is a Scientist with a Ph.D. in Organic Chemistry and has over 25 years experience and exposure in Pharmaceuticals especially in Cephalosporins and has earlier worked as Chief R&D with M/s Lupine Pharmaceuticals, and has personally overseen the implementation of the Cephalosporin downstream (1st and 2nd Generation) Project. Mr. Reddy also has undergone training in Switzerland in Cephalosporin processing. Dr. P. Anji Reddy is the chief of R&D and projects management of SOL Pharmaceuticals Ltd.and will be helping the Company in setting up the plant and running the same.

Details of Borrowing Powers

Our Company at its Extra Ordinary General Meeting held on Saturday November 5, 2005, passed a resolution authorizing the Board of Directors pursuant to the provisions of section 293(1)(d) for borrowing any sum or sums of money from time to time notwithstanding that the monies to be borrowed together with monies already borrowed by our Company (apart from temporary loans obtained from our Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of our Company and its free reserves, that is to say reserves not set apart for any specific purposes, provided however, the total amount so borrowed shall not exceed Rs. 10 Crores (Rupees ten crores Only).

Compensation of Managing Director / Whole Time Director

Terms of Appointment and Perquisites of Managing Director

The Shareholders in the Extra Ordinary General Meeting held on December 30, 2005 approved the appointment of Dr. Y. Manivardhan Reddy as Managing Director for a period of 5 years with effect from December 01, 2005 and appointment of Dr. K. Narayana Reddy as Director (Technical) for a period of 5 years w.e.f. February 01, 2006.

The following are the terms and conditions of their appointment:

Name	Dr. Y Manivardhan Reddy	Dr. K. Narayana Reddy
Designation	Managing Director	Director (Technical)
Period	5 years w.e.f. December 01, 2005	5 years w.e.f. February 01, 2006.
Remuneration	<p>Salary @ Rs.60,000/- (Sixty Thousand only) per month or such higher amount as may be approved by the Board from time to time.</p> <p>Perquisites: Perquisites will be allowed in addition to salary restricted to total remuneration as per Part II of Schedule XIII to the Companies Act, 1956, as applicable from time to time. Unless the context otherwise requires, the perquisites are classified into 3 Parts “A”, “B” & “C” as follows: -</p> <p><u>Part - A</u></p> <ol style="list-style-type: none"> Medical Reimbursement Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a ceiling of one month’s salary per year or 3 months’ salary in a block of 3 years. Leave Travel Concession For self and family including dependent father and mother, to and from any places in India, once in a year in accordance with the rules of the Company. Club Fees Fees of Club subject to a maximum of 2 clubs will be allowed, provided that no admission or life membership fees shall be paid. <p><u>Part - B</u></p> <ol style="list-style-type: none"> Provident Fund Company’s contribution to Provident Fund as per the scheme of the Company. Pension / Superannuation Fund Company’s contribution to Pension / Superannuation Fund in accordance with the scheme of the Company. Gratuity As per the rules of the Company, payable in accordance with the approved fund at a rate not exceeding one-half month’s salary for each completed year of service. <p><u>Part - C</u></p> <ol style="list-style-type: none"> Car Use of Company’s car with driver for business purposes. Telephone Free Telephone / Communication facilities at residence for business purposes. 	<p>Salary @ Rs.40,000/- (Rupees Forty Thousand only) per month or such higher amount as may be approved by the Board from time to time.</p> <p>Perquisites: Perquisites will be allowed in addition to salary restricted to total remuneration as per Part II of Schedule XIII to the Companies Act, 1956, as applicable from time to time. Unless the context otherwise requires, the perquisites are classified into 3 Parts “A”, “B” & “C” as follows: -</p> <p><u>Part - A</u></p> <ol style="list-style-type: none"> Medical Reimbursement Reimbursement of medical expenses actually incurred for self and family including dependent mother and father, subject to a ceiling of one month’s salary per year or 3 months’ salary in a block of 3 years. Leave Travel Concession For self and family including dependent father and mother, to and from any places in India, once in a year in accordance with the rules of the Company. Club Fees Fees of Club subject to a maximum of 2 clubs will be allowed, provided that no admission or life membership fees shall be paid. <p><u>Part - B</u></p> <ol style="list-style-type: none"> Provident Fund Company’s contribution to Provident Fund as per the scheme of the Company. Pension / Superannuation Fund Company’s contribution to Pension / Superannuation Fund in accordance with the scheme of the Company. Gratuity As per the rules of the Company, payable in accordance with the approved fund at a rate not exceeding one-half month’s salary for each completed year of service. <p><u>Part - C</u></p> <ol style="list-style-type: none"> Car Use of Company’s car with driver for business purposes. Telephone Free Telephone / Communication facilities at residence for business purposes.

Our Company will not provide any benefits to our Directors upon the termination of their agreement with our company.

**CORPORATE GOVERNANCE**

Our Company has complied with SEBI guidelines in respect of Corporate Governance specially with respect to broad basing of Board, Constituting the Committees such as shareholding/ investor Grievance Committee, etc. The details of these committees shall be disclosing under the head “Our Management”. If the committees are not constituted for any legal reason before listing, the stock exchanges may require that the application monies be kept in escrow account till compliance.

Composition of Board of Directors

Out of total 7 Directors on the Board, only 2 Directors are Executive Directors and 5 are Non-Executive Directors. This includes 4 independent Directors.

Sr. No	Name of Director	Designation	Status
1	Mr. Chavva Chandrasekhar Reddy	Chairman	Non Executive Director
2	Dr. Y. Manivardhan Reddy	Managing Director	Executive Director
3	Dr. K. Narayana Reddy	Director (Technical)	Executive Director
4	Dr. Y. Sonia Reddy	Director	Non Executive Director
5	Dr. Ashok K Sadhukhan	Director	Non Executive & Independent Director
6	Dr. P. Anji Reddy	Director	Non Executive & Independent Director
7	Mr. Boddapaty Anand	Director	Non Executive & Independent Director

Audit Committee

Our Audit Committee was constituted during the financial year 2005-06 on December 02, 2005. The terms of the Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchange and also the provisions of section 292A of the Companies Act, 1956.

Our Audit Committee consists of 3 Directors, with 2/3 rd being independent Directors. The Committee currently comprises of three members namely Dr. Ashok K Sadhukhan, & Dr. P. Anji Reddy as its members. Mr. Boddapaty Anand is Chairman of our Audit Committee.

The scope and functions of our Audit Committee shall include but shall not be restricted to the following:

The terms of reference of the Audit Committee are as follows:

1. To oversee Company’s Financial Reporting process and disclose its financial information
2. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
3. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
4. Reviewing the Company’s various financial and risk management policies.
5. Reviewing with management the Annual Financial Statements before submission to Board, focusing primarily on (i) any changes in accounting policies and practices (ii) major accounting entries based on exercise of judgment by management (iii) qualifications in draft audit report (iv) significant adjustments arising out of audit (v) the going concern assumption (vi) compliance with accounting standards (vii) any related party transactions i.e. transactions of the company of material nature, with promoters or management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
6. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
7. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors
8. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern
9. Discussion with internal auditors any significant findings and follow up thereon
10. To monitor the end use of the proceeds of the issue

Remuneration Committee

Our Remuneration Committee was constituted during the financial year 2005-06 on December 02, 2005. The Remuneration Committee consists of Non-Executive Directors, with the Chairman being an independent Director. Our Committee currently comprises of three members namely Dr. Ashok K Sadhukhan, Mr. Boddapaty Anand & Dr.P.Anji Reddy as its members. Our Committee has been formed to decide and approve the remuneration package of Directors of our Company and other matters related thereto. Dr. Ashok K Sadhukhan is Chairman of the Committee.

Shareholders / Investors Grievance Committee

As part of its Corporate Governance initiative, our Company constituted the Shareholders Transfer and Investors Grievance Committee during the financial year 2005-06 on December 02, 2005. The Share Transfer and Investor Grievance Committee consist of Dr. Ashok K Sadhukan, Dr. Y Manivardhan Reddy & Dr.P.Anji Reddy as its members. Dr.P.Anji Reddy is the Chairman of the Committee. The Committee is formed to specifically look into all the matters relating to Shareholders' Grievances like non- receipt of balance sheet, non receipt of declared dividends, etc.

Shareholding of Directors

Our Articles of Association do not require our directors to hold any qualification shares. The following table details the shareholding of our Directors as at the date of Prospectus.

Sr. No	Name of the Shareholder	No. of Shares
1	Dr. Y. Manivardhan Reddy	37,04,750
2.	Dr. Y. Sonia Reddy	33,74,750

Interest of Directors

The premises at which the Registered Office of our Company is situated is subleased to our Company a by Visu International Ltd, in which one of our Promoter is a Director i.e. Dr.Y. Sonia Reddy is the Managing Director.

The Directors of our Company other than Dr. Y. Manivardhan Reddy, Managing Director and Dr. K. Narayana Reddy, Director (Technical) may be deemed to be interested to the extent of sitting fees for attending our Board Meeting & Committee Meeting. Dr. Y. Manivardhan Reddy & Dr. K. Narayana Reddy are interested in the remuneration and reimbursement of expenses, if any, as per terms of their appointment and other related party transaction as disclosed in the "Financial Information" given on [page 67](#) of the Prospectus.

Except as stated otherwise, in this Prospectus, our Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Prospectus in which our Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

None of the Director of our Company is interested in any transaction relating to acquiring of any property during last two years.

Changes in our Directors

The following changes have taken places in the Board of Directors of our Company during the last three years.

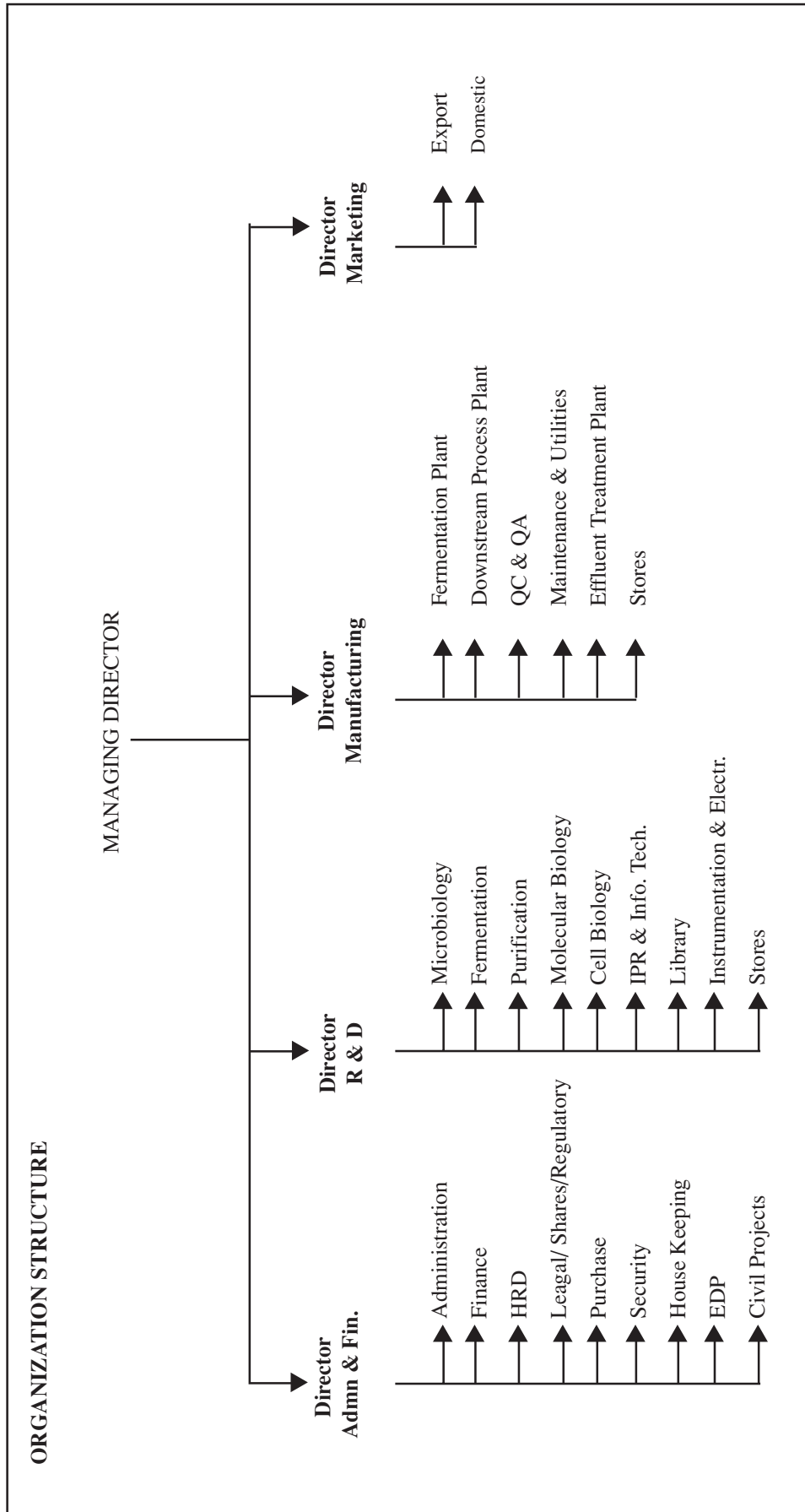
Name of Director	Date of change	Reason
Mr. Chavva Chandrasekhar Reddy	02.12.2005	Appointed as Additional Director and regularized on 29.09.06
Dr.K.Narayana Reddy	02.12.2005	Appointed as Additional Director and regularized on 29.09.06
Dr. Ashok Kumar Sadhukhan	02.12.2005	Appointed as Additional Director and regularized on 29.09.06
Mr. Boddapaty Anand	03.12.2005	Appointed as Additional Director and regularized on 29.09.06
Dr.P. Anji Reddy	02.12.2005	Appointed as Additional Director and regularized on 29.09.06
Mr. Bh Praveen Kumar Reddy	02.12.2005	Appointed as Additional Director
Mr. Bh Praveen Kumar Reddy	29.09.2006	Resigned as a Director

Changes in Auditors During The Last Three Years And Reasons Thereof

There is no change in Auditors during the last three years.

Policy on disclosures and internal procedures for prevention of Insider Trading

We will comply with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 1992 after listing of the Equity Shares on the Stock Exchange.



KEY MANAGERIAL PERSONNEL

At present the following Key personnel have been appointed to look into the day-to-day operations.

Sr. No.	Name	Designation	Age (Years)	Qualification	Remuneration (Rs. in Lakhs)	Date of Joining	Experience	Last Employment
1.	Mr. K. Madan Mohan Rao	General Manager - Admin & Marketing	46	MBA	2.7	01-11-2005	15 yrs	Indo African Industries Ltd
2.	Mr. Ashok Kumar Biradar	General Manager - Finance	44	F.C.A	3.0	01-12-2005	15 yrs	Indo African Industries Ltd
3.	Mr. K. Srinivasa Reddy	Asst. Manager Admin & Marketing	35	MBA	1.8	01-10-2005	12 yrs	Indo African Industries Ltd
4.	Mr. Y. S. Rajasekhar	Jr. Accounts Officer	34	B.Com	0.9	01-04-2005	10Yrs	Indo African Industries Ltd
5.	Mr. B Rama Sreedhar Reddy	Technical Assistant	33	MSc.	1.8	01-06-2005	8 yrs	Patancheru Envirotech Limited (PETL)

All the abovementioned Key Managerial Personnel are on the payrolls of our Company as permanent employees.

Our Company is managed by the above-mentioned key managerial personnel. Presently, our Company is in the implementation stage and has appointed consultants for implementation of the project. Once the project is completed, other key managerial personnel will be appointed.

BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL

- Mr. K. Madan Mohan Rao**, age 46 years, General Manager, Administration & Marketing, has done his holds MBA from University of Pune, Maharashtra. He has 15 years of experience in marketing, administrative and managerial experience in Indo -African Industries Ltd and also in Hotel Management.
- Mr. Ashok Kumar Biradar**, age 44 years, General Manager, Finance, he is a Chartered Accountant by qualification and has over 15 years experience in Financial Management in Indo-African Industries Pvt.Ltd., in Africa and Paramount Engineering Co. Ltd., Hyderabad. He has acquired experience in the field of Finance and Accounts Management.
- Mr. K. Srinivasa Reddy**, age 35 years ,Assistant Manager, Administration & Marketing, has done his MBA degree from Osmania University, Hyderabad and has over 12 years of Marketing, Administrative and Managerial experience in Sreeven Corporation, Hyderabad and Indo-African Industries Limited.
- Mr.Y.S. Rajasekhar**, age 34 years, Jr. Accounts Officer, has done his B.Com and has over 10 years of accounting experience in Intelligence India.com Ltd., Hyderabad and Indo-African Industries Ltd., in Africa.
- Mr.B. Rama Sreedhar Reddy**, age 33 years, Technical Assistant, has done his M.Sc. degree in Chemistry and has over 8 years of Laboratory experience as Chemist in Patancheru Envirotech Ltd., Hyderabad. He has experience in monitoring and validating the laboratory environment and in chemical analysis.

Shares held by the Key Managerial Personnel

The abovementioned Key Managerial Personnel do not hold any shares in our Company.

Bonus or Profit Sharing Plan and Interest of Key Managerial Personnel

Our Company does not have any bonus or profit-sharing plan for Key Managerial Personnel. No amount or benefit has been paid or given within the two preceding years or are intended to be given to any of our key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.

**Changes in Key Managerial Personnel**

During the last one year the following have been the changes in the key managerial personnel:

S. no.	Name of the person	Designation	Date	Appointment / Resignation
1	Mr. K Madan Mohan Rao	General Manager - Admn & Marketing	01-11-2005	Appointment
2	Mr. Ashok Kumar Biradar	General Manager - Finance	01-12-2005	Appointment
3	Mr. K Shrinivasa Reddy	Asst. manager - Admn & Marketing	01-10-2005	Appointment
4	Mr. Y.S. Rajasekhar	Junior Accounts officer	01-04-2005	Appointment
5	Mr. B Rama Sreedhar Reddy	Technical Assistant	01-06-2005	Appointment

Man Power

The manpower requirement on completion of the project is estimated at 139 comprising of:-

Man Power Requirement	No.
Unskilled	16
Semi Skilled	22
Skilled	25
Supervisory/ administrative	66
Managerial cadre	10
Total	139

The technical personnel will be trained at running fermentation and semi-synthetic plant, with the help of in-house scientific team.

Operating staff and particularly Officers with sufficient experience would be recruited to operate the plant.

Wherever necessary, the technical and non-technical personnel will be exposed to short duration management development programmes organised by reputed Organizations.

Our Company envisages to recruit young and dynamic Bio-Chemists, Microbiologists, Chemical Engineers and Officers at a relatively lower level, groom them up and promote them successively. A career plan is envisaged to be drawn up, as soon as the implementation is completed.

Employee Stock Option Scheme



Our Company does not have any Employee Stock Option Scheme as on date.

Payment or Benefit to Officers of our Company (non salary related)

Our Company does not make any non salary related payment.

OUR PROMOTERS AND THEIR BACKGROUND

Our Company is promoted by Dr. Y. Manivardhan Reddy and Dr. Y. Sonia Reddy. More details about the Promoters are given below.

	<p>Dr.Y.Manivardhan Reddy, Managing Director</p> <p>PAN No. AASPY9606J,</p> <p>Bank A/c No. 30082010047147, Syndicate Bank, Hyderabad.,</p> <p>Passport No.: E-9565141,</p> <p>Voter ID No. FZZ5503941,</p> <p>Driving License No. 80079/SD/87-4276/HYZKX</p> <p>Address : Plot # 131, Road # 15, Prashasan Nagar Coop Society, Jubilee Hills, Hyderabad - 500 003</p> <p>Dr.Y.Manivardhan Reddy age 44 years, In addition to the Bachelor of Degree in Medicine and Surgery (MBBS) Dr. Manivardhan Reddy also has a Bachelor of Science (Hons) Degree in Industrial Microbiology, Biochemistry, Biometry and Botany. He hails from a agricultural family in Andhra Pradesh state engaged in agriculture and agro-based industries since the last five decades. Dr. Reddy was engaged in business activities in the U.S.A. for a year. He has also managed the family owned medium scale sugar factory.</p>
	<p>Dr. Y. Sonia Reddy, Director</p> <p>PAN No. AAFPY9061N,</p> <p>Bank A/c No. 30082010047147, Syndicate Bank, Hyderabad.,</p> <p>Passport No.: F1872565</p> <p>Voter ID No. FZZ5503966,</p> <p>Driving License No. DLRAP00976682004</p> <p>Address : Plot # 131, Road # 15, Prashasan Nagar Coop Society, Jubilee Hills, Hyderabad - 500 003</p> <p>Dr. Y. Sonia Reddy aged 43 years, is a MBBS. She hails from a family engaged in business, trading and industrial activities in diversified fields such as Global Educational Consultancy, Immigration, IT Professional placements etc. and Textiles. These businesses are with countries, particularly U.S.A. and Commonwealth of Independent State countries. She joined Visu International Limited as Vice President, and later took over as its Managing Director.</p>

Declaration

It is confirmed that the PAN, Bank Account details and Passport Numbers of our Promoters is being submitted to the Stock Exchange on which Equity Shares are proposed to be listed, at the time of filling the of Prospectus.

Common Pursuits

There are no common pursuits among our Company and its Promoter/ Group/ Associate companies.

Interest of Promoters

Dr. Y Sonia Reddy, is the Managing Director of Visu International Ltd, a group company with whom our Company has entered into an Agreement to take on sublease a building to be used as a part of its Registered Office.

In addition, except as stated under caption, “Related Party Transaction” appearing on **page no 66** in the Prospectus, all the Directors may be deemed to be interested to the extent of remuneration and fees payable to them for attending the meeting of Board or committee thereof and reimbursement of traveling and other incidental expenses, if any, for such attendance as per the Articles of Association of our Company



All Promoters of our Company shall be deemed to be interested to the extent of share held by them and/or their friends and relatives and are deemed to be interested to the extent of remuneration and perquisites being drawn by them from our Company.

The Whole time Director is interested to the extent of remuneration paid to him for services rendered to our Company. Further, the Whole time Director is interested to the extent of equity shares held by him and also to the extent of any dividend payable to him and other distributions in respect of the said Equity Shares.

The promoters/directors/group concerns have no interest in any transaction in acquisition of land, construction of building and supply of machinery.

Except as stated otherwise in this Prospectus, our Company has not entered into any contract, agreements or arrangement during the preceding two years from the date of the 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 which are proposed to be made to them.

Payment or Benefit to Promoters of our Company

No amount or benefit has been paid or given to the our Promoters since the incorporation of our Company nor is intended to be paid or given to any promoter of our Company except their normal remuneration and/or reimbursement for services as Directors of our Company or otherwise in accordance with the law.

Related Party Transactions

Please refer “Related Party Disclosures” as mentioned under Annexure 9 of the Auditors report given on **page no 75** in this Prospectus.

Currency Of Presentation

In this Prospectus, unless the context otherwise requires, all references to the word “Lakhs” or “Lakh”, means “One hundred thousand” and the word “million” means “Ten Lakhs” and the word “Crore” means “ten million” and the word “billion” means “One thousand million and the word “trillion” means “One thousand billion”. In this Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Throughout this Prospectus, all the figures have been expressed in Lakhs of Rupees, except when stated otherwise. All references to “Rupees” and “Rs.” in this Prospectus are to the legal currency of India.

Dividend Policy

Dividend may be declared at the Annual General Meeting of the shareholders on a recommendation of our Board of Directors. Our Board of Directors may recommend dividends, at its discretion, to be paid to the members. Generally the factors that may be considered by our Board, but not limited to, before making any recommendations for the dividend include future expansion plans and capital requirements, profit earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend as well as exemptions under the tax laws available to various categories of investors from time to time and money market conditions.

However, our Company has not paid any dividend during last 3 years.

SECTION V - FINANCIAL INFORMATION
FINANCIAL INFORMATION OF OUR COMPANY

Auditor's Report

The Board of Directors,
Saamya Biotech India Limited,
104-106, Lumbini Enclave,
Punjagutta, Hyderabad - 500082.

- A. a) We have examined the annexed financial information of M/s. Saamya Biotech India Limited ('the Company') for the period ending 31st March 2003 and financial year ended 31st March 2004, 2005, 2006 and 2007 being the last date to which the accounts of the Company have been made up and audited by us.
- b) In accordance with the requirements of
- (i) Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ('the Act');
 - (ii) The Securities and Exchange Board of India (Disclosure and investor Protection) Guidelines, 2000 ('the SEBI Guidelines') issued by Securities and Exchange Board of India ('SEBI') on January, 19, 2000 in pursuance to Section 11 of the Securities and Exchange Board of India Act, 1992 and related amendments and
 - (iii) Our terms of reference with the Company dated 20th March 2007 requesting us to carry out work in connection with the Offer Document as aforesaid.

We report that the restated assets and liabilities of the Company as at 31st March 2003, 2004, 2005, 2006 and 2007 are as set out in 'Annexure 1' to this report after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in 'Annexure 3' and Notes to the statements of Assets & Liabilities and Profit & Loss Account appearing in 'Annexure 4' to this report.

We report that the restated profits of the Company for the period ended 31st March 2003, 2004, 2005, 2006 and 2007 are as set out in 'Annexure 2' to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustments/restatements and regrouping as in our opinion are appropriate and are subject to the Significant Accounting Policies as appearing in 'Annexure 3' and Notes to the Statements of Assets & Liabilities and Profit & Loss Account appearing in 'Annexure 4' to this report.

- B. We have examined the following financial information relating to the Company proposed to be included in the Offer Document, as approved by you and annexed to this report.
- i. Statement of Cash Flow as appearing in 'Annexure 5' to this report;
 - ii. Accounting Ratios as appearing in 'Annexure 6' to this report;
 - iii. Statement of Unsecured Loans enclosed as 'Annexure 7' to this report.
 - iv. Statement of Debtors enclosed as 'Annexure 8' to this report.
 - v. Details of transactions with the Related Parties as appearing in 'Annexure 9' to this report;
 - vi. Statement of Dividends as appearing in 'Annexure 10' to this report;
 - vii. Capitalisation Statement as appearing in 'Annexure 11' to this report;
 - viii. Statement of Secured Loans as appearing in 'Annexure 12' to this report.
 - ix. Details of Contingent Liabilities as appearing in 'Annexure 13' to this report;
 - x. Statement of Tax Shelter as appearing in 'Annexure 14' to this report.
 - xi. Details of qualifications appearing in the audit report as given in 'Annexure 15' to this report.
 - xii. Details of changes in Significant Accounting Policies as given in 'Annexure 16' to this report.
 - xiii. Details of loans and advances as given in 'Annexure 17' to this report.



- C. a) In our opinion the financial information of the Company as stated in Para A and B above read with Significant Accounting Policies enclosed in Annexure 3 to this report, after making adjustments/restatements and regroupings as considered appropriate and subject to certain matters as stated in Notes to the Statements, has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.
- b) This report is intended solely for your information and for inclusion in the Offer Document in connection with the specific Public Offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

**For P.MURALI & CO.,
CHARTERED ACCOUNTANTS**

Place: Hyderabad

Date: 2nd August 2007

PARTNER

ANNEXURE -1
STATEMENT OF ASSETS AND LIABILITIES
(Rs. In lacs)

	Particulars	31.03.07	31.3.06	31.3.05	31.3.04	Period ended 31.3.03
A.	Assets					
	Fixed Assets- gross block	34.61	0.53	—	—	—
	Less: Depreciation	—	—	—	—	—
	Net Block	34.61	0.53	—	—	—
	Less: Revaluation Reserve	—	—	—	—	—
	Net Block after adjustment for Revaluation Reserve	34.61	0.53	—	—	—
B.	Investments	—	—	—	—	—
C.	Current assets, loans and advances					
	Inventories	—	—	—	—	—
	Receivables	—	—	—	—	—
	Cash and bank balances	0.96	0.74	0.16	0.15	0.17
	Other current assets	130.85	57.07			
	Loans and advances	789.42	779.00	101.96	104.46	4.56
	Total assets	955.84	837.34	102.12	104.61	4.73
D.	Liabilities and provisions	—	—	—	—	—
	Loan funds	—	—	—	—	—
	Secured loans	—	—	—	—	—
	Unsecured loans	147.46				
	Current liabilities and provisions					
	Current liability	—	30.90	100.00	100.00	
	Provisions	3.35	1.41	0.09	0.04	0.02
	Total Liabilities	150.81	32.31	100.09	100.02	0.02
E.	Net worth	805.03	805.03	2.03	4.57	4.71
	Represented by:					
	Shareholders funds					
	Share capital	808.00	808.00	5.00	5.00	5.00
	Reserves and surplus	—	—	—	—	—
	Less: Revaluation Reserve	—	—	—	—	—
	Reserves (Net of Revaluation Reserve)	—	—	—	—	—
	Less: miscellaneous expenditure not written off	2.97	2.97	2.97	0.43	0.29
	Total	805.03	805.03	2.03	4.57	4.71



ANNEXURE -2

STATEMENT OF PROFIT & LOSS (AS RESTATED)

(Rs. In lacs)

Period ended on	31.03.07	31.3.06	31.3.05	31.3.04	Period ended 31.3.03
Income	—	—	—	—	—
Sales:	—	—	—	—	—
Of Products manufactured by the Company	—	—	—	—	—
Of products traded by the Company	—	—	—	—	—
Other Income	—	—	—	—	—
Increase (decrease) in inventory	—	—	—	—	—
Total Income	—	—	—	—	—
Expenditure	—	—	—	—	—
Raw materials & goods consumed	—	—	—	—	—
Staff Costs	—	—	—	—	—
Other Manufacturing expenses	—	—	—	—	—
Selling & distribution expenses	—	—	—	—	—
Interest	—	—	—	—	—
Depreciation	—	—	—	—	—
Miscellaneous expenditure written off	—	—	—	—	—
Total expenditure	—	—	—	—	—
Net Profit before tax and extraordinary items	—	—	—	—	—
Provision for taxation	—	—	—	—	—
Net Profit after tax & before extraordinary items	—	—	—	—	—
Extraordinary items (net of tax)	—	—	—	—	—
Net Profit after extraordinary items	—	—	—	—	—
Earlier year adjustments	—	—	—	—	—
Appropriations	—	—	—	—	—
Transfer to general reserve	—	—	—	—	—
Proposed dividend	—	—	—	—	—
Tax on proposed dividend	—	—	—	—	—
Balance carried to Balance sheet	—	—	—	—	—

ANNEXURE -3**SIGNIFICANT ACCOUNTING POLICIES****1. System of Accounting:**

The Company follows mercantile system of accounting and recognizes income and expenditure on an accrual basis. Financial Statements are prepared under historical cost convention, in accordance with the Generally Accepted Accounting Principles in India (GAAP) and comply in all material aspects, with mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India. The significant accounting policies followed by the Company are set out below. Management has made certain estimates and assumptions in conformity with the GAAP in the preparation of these financial statements, which are reflected in the preparation of these financial statements.

2. Fixed Assets, Capital Work-in-Progress and Depreciation:**a. Fixed Assets:**

Fixed assets are stated at cost of acquisition or construction less depreciation. Cost comprises the purchase price and other attributable costs, including interest and finance costs incurred till the asset is commissioned.

b. Capital Work-in-Progress:

Capital work-in-progress includes the cost of fixed assets that are not ready for their intended use, and, the cost of assets not put to use before the balance sheet date.

c. Depreciation:

Depreciation is provided on the straight line method at the rates and in manner laid down in Schedule XIV to the Companies Act, 1956. Leasehold Lands are amortized over the period of lease.

3. Sundry Debtors and Advances:

Specific debts and advances in respect of which certain amounts are identified as irrecoverable are written off.

4. Foreign Exchange Transactions:

Transactions in foreign currency are recorded at exchange rates prevailing on the dates of respective transactions. The difference in translation and realized gains and losses on foreign exchange transactions are recognized in the Profit and Loss Account.

5. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of a qualifying assets are capitalized as part of cost of such assets till such time as the assets is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognized as expenses in the period in which they are incurred.

**Notes on Accounts****1. Contingent Liabilities: N.A.****2. Payments to Directors**

Exclusive of future liabilities in respect of retirement benefits like contribution to gratuity fund, provision for leave encashment on retirement and other retirement benefits.

(Rs. in Lacs)

Sr. No.	Particulars	31.03.07	31.3.06	31.3.05	31.3.04	Period ended 31.3.03
(a)	Remuneration to Directors	12.00	3.20	-	-	-
(b)	Professional Fees to Director	-	-	-	-	-
(c)	Sitting Fees to non-executive directors	-	-	-	-	-
	Total	12.00	3.20	-	-	-

3. Payment to Auditors:(Rs. in Lacs)

Particulars	31-03-07	31.3.06	31.3.05	31.3.04	Period ended 31.3.03
Audit Fees	0.22	0.10	0.05	0.05	0.02
Tax Audit Fees	-	-	-	-	-
Other Services	-	-	-	-	-

4. Small Scale Undertakings to whom amounts are outstanding for more than 30 days are as under: N.A.**5. Earning per Share (Accounting Standard - AS 20)**

Basic and diluted earning per share (EPS) computed in accordance with the accounting standards (AS-20)

(Rs. in Lacs)

Particulars	31-03-07	2005-06	2004-05	2003-04	2002-03
Profit After Tax	—	—	—	—	—
Weighted Average Equity Shares	—	—	—	—	—
Basic EPS	—	—	—	—	—

7. Deferred Tax Assets and Liabilities (Accounting Standard - AS 22)

Deferred Tax Liability / (Asset) at the year end comprise timing difference on account of

(Rs. in Lacs)

Particulars	31-03-07	2005-06	2004-05	2003-04	2002-03
Depreciation	-	-	-	-	-
Expenditure / Provisions allowable	-	-	-	-	-

Statement of Cash Flow from the Restated Financial Statement (Rs. in Lacs)

Particulars	31-03-07	31.3.06	31.3.05	31.3.04	Period ended 31.3.03
A Cash Flow From Operating Activities					
Profits before prior period items, Tax & after after Extraordinary Items	—	—	—	—	—
Add:	—	—	—	—	—
Depreciation	—	—	—	—	—
Interest Expenses	—	—	—	—	—
Prior Period Adjustments	—	—	—	—	—
Extraordinary Items	—	—	—	—	—
Operating Profit before working Capital Changes	—	—	—	—	—
Working Capital Changes	—	—	—	—	—
(Increase)/Decrease in Inventories	—	—	—	—	—
(Increase)/Decrease in Debtors	—	—	—	—	—
(Increase)/Decrease in Other Current Assets	(84.21)	(677.03)	2.50	(99.90)	4.56
Increase/(Decrease) in Trade Payables	(28.95)	(67.78)	0.05	100.02	0.02
(Increase)/Decrease in Working Capital	—	—	—	—	—
Cash Generated from Operating Activities	(113.16)	(744.82)	2.55	0.12	4.58
Interest Paid	—	—	—	—	—
Tax Paid	—	—	—	—	—
Deferred Tax	—	—	—	—	—
Cash Used (-)/(+) generated for operating activities (A)	(113.16)	(744.82)	2.55	0.12	4.58
B Cash Flow From Investing Activities					
Purchase of Fixed Assets	(34.08)	(57.60)	2.45	(0.12)	0.29
Purchase of Investments including investment in subsidiaries	—	—	—	—	—
Net Cash Used in Investing Activities (B)	(34.08)	(57.60)	2.45	-0.12	—
C Cash Flow From Financing Activities					
Proceeds from Share Capital	—	803.00	—	—	5.00
Deferred Tax Liability Net	—	—	—	—	—
Effect of Amalgamation of Atlanta Vinyl Private Limited	—	—	—	—	—
Proceeds from Long Term borrowings	—	—	—	—	—
Proceeds from Short Term borrowings	147.46	—	—	—	—
Net Cash Used in Financing Activities (C)	147.46	803.00	—	—	5.00
D Net Increase (+)/ Decrease (-) in cash and cash equivalent (A+B+C)	0.22	00.58	0.01	—	0.15
Cash and Cash Equivalent Opening Balance	0.74	0.16	0.15	0.15	—
Cash and Cash Equivalent Closing Balance	0.96	0.74	0.16	0.15	0.15



Annexure - 6

Particulars	Mandatory Accounting Ratios				
	31-03-07	31.3.06	31.3.05	31.3.04	Period ended 31.3.03
Earning Per Share (EPS) (Rs.)	—	—	—	—	—
Return On Net Worth (%)	—	—	—	—	—
Net Asset Value Per Share (Rs.)	11.83	9.96	4.06	9.14	9.42

1. $EPS = a/b$ Return on Net worth = a/c %Net Asset Value per Share = d/b

a. Net Profit after Tax

b. No. of Equity Shares

c. Net Worth = Share Capital plus Reserves & Surplus less Miscellaneous Expenditure to the extent not written off.

d. Net Assets value = Fixed Assets + Capital Work in Progress + Net Current Assets / No. of Equity Shares

Annexure -7

Unsecured Loans

(Rs. in Lacs)

Particulars	31-03-07	31.3.06	31.3.05	31.3.04	Period ended 31.3.03
From Promoters & Directors *	104.01	—	—	—	—
From others	27.44	—	—	—	—
From others (Car Loan)	5.29	—	—	—	—
From others (Computer Loan)	10.72	—	—	—	—
Total	147.46	—	—	—	—

* These are Interest free and repayable on demand

Annexure -8

Statement of Sundry Debtors

(Rs. in Lacs)

Age-wise Break-up	31-03-07	31.3.06	31.3.05	31.3.04	Period ended 31.3.03
More than Six Months	—	—	—	—	—
Less than Six Months	—	—	—	—	—
Total	—	—	—	—	—

Annexure -9
Related Party Disclosures (Accounting Standard AS 18)
List of Related Parties and Relationship

S.No.	Name of related party	Relationship
1	Visu International Limited	Group Company
2	Dr. Y.Manivardhan Reddy	Managing Director
3	Dr. K. Narayana Reddy	Director - Technical

The following transactions were carried out with the related parties in the ordinary course of business.

(Rs. in Lacs)

Nature of Transaction	31-03-07	31.3.06	31.3.05	31.3.04	Period ended 31.3.03
Rent paid to Visu International Limited	—	0.60	0.60	0.60	0.40
Remuneration to Directors					
i. Dr. Y.Manivardhan Reddy	7.20	2.40			
ii. Dr. K. Narayana Reddy	4.80	0.80	—	—	—

Annexure - 10
Statement of Dividends

The company has not declared any dividend for any of the preceding financial years/ periods.

Annexure - 11
Capitalization Statement

(Rs. in Lacs)

Sr. No.	Particular	Pre-Issue		Post-Issue
		31-03-07		
1	Borrowings			
	Secured			
	Short Term Debts	—		—
	Long Term Debts			500.00
	Unsecured Debts	147.46		147.46
	Total Borrowings	147.46		647.46
2	Shareholder's Fund			
	Equity Share Capital	808.00		2308.00
	Reserve & Surplus			
	Less: Miscellaneous Expenditure to the extent not written off	2.97		2.97
	Total Shareholder's Fund	805.03		2305.03
3	Debt Equity Ratio	0.18		0.28



Annexure - 12

DETAILS OF SECURED LOAN

(Rs. in Lacs)

Sr. No.	Particulars of Loan	31-03-07	31.3.06	31.3.05	31.3.04	Period ended 31.3.03
1	Term Loan	—	—	—	—	—
	Sub Total	—	—	—	—	—
2	Cash Credit Account	—	—	—	—	—
	Sub Total	—	—	—	—	—
3	Vehicle loan	—	—	—	—	—
	Total Secured Loan (1+2)	—	—	—	—	—

Annexure - 13

DETAILS OF CONTINGENT LIABILITIES — NIL

Annexure - 14

STATEMENT OF TAX SHELTERS

(Rs. In Lacs)

Particulars	31-03-07	31.3.06	31.3.05	31.3.04	Period ended 31.3.03
Tax Rate	33.66	33.66	33.66	35.88	36.75
Net Profit before Tax & Extra Ordinary items	—	—	—	—	—
Tax at Notional Rate	—	—	—	—	—
Adjustment: Deduction u/s 80 IB	—	—	—	—	—
Difference between Depreciation (as per I. T. Act less Book Depreciation)	—	—	—	—	—
Others	—	—	—	—	—
Unabsorbed depreciation	—	—	—	—	—
Total (A)	—	—	—	—	—
Permanent Differences	—	—	—	—	—
Deduction U/Sec. 10 B	—	—	—	—	—
Total (B)	—	—	—	—	—
Net Adjustment (A+B)	—	—	—	—	—
Tax Saving thereon	—	—	—	—	—
Total taxation (C)	—	—	—	—	—
Taxation on extra ordinary items	—	—	—	—	—
Taxable income as per provisions of MAT	—	—	—	—	—
Tax Payable as per provisions of MAT (D)	—	—	—	—	—
Net Tax payable as per I. T. Returns (higher of C or D above)	—	—	—	—	—

There have been no disqualifications in the Audit Report for the period ending 31st March 2003, Financial year ending 31st March 2004, 2005, 2006 and 2007.

Changes in Significant Accounting Policies

There has been no change in the accounting policy of the company during the preceding years / periods.

Statement of Loans & Advances**(Rs. In Lacs)**

Particulars	31-03-07	31.3.06	31.3.05	31.3.04	Period ended 31.3.03
Unsecured Considered Good	—	—	—	—	—
Loans & Advances	44.37	34.00	101.96	104.46	4.56
Advance to Suppliers	745.00	745.00	—	—	—
Others	0.05				
Total	789.42	779.00	101.96	104.46	4.56

No loans and advances have been given to related parties/ Promoters/ Directors.

**For P.MURALI & CO.,
CHARTERED ACCOUNTANTS**

Place: Hyderabad

Date: 2nd August 2007

PARTNER



FINANCIAL INFORMATION OF GROUP COMPANIES

(A) VISU INTERNATIONAL LIMITED

Visu International Limited (VIL) (originally incorporated as Chavva Info Tech Limited and its name was changed to Visu Cybertech Limited, further changed to Visu Consultants Limited and then finally changed to Visu International Limited) was incorporated in the year May 12, 1997 with Registered Office at 104-106, Lumbini Enclave, Punjagutta, Hyderabad-500 082. VIL was promoted by Mr.Chavva Chandrasekhar Reddy, a global entrepreneur and industrialist based in USA. Visu International Limited is the Flagship Company of the Visu Group of Companies with its offices in various countries and has employee base across the Globe. Visu Group deals in Education, Software, Manufacturing in 8 countries in Africa, Trading from Hong Kong and China with Retail Operations in India and Africa. The Company is into global education of placing students into various universities abroad, training for pre-requisite tests, software development and training, merchant exports and trading. It is listed on The National Stock Exchange of India Limited, The Hyderabad Stock Exchange Limited & The Bangalore Stock Exchange Limited and trading on BSE (INDONEXT).

Financial Highlights

(Rs. In lacs)

Particulars	2003-04	2004-05	2005-06
Equity Capital (paid up)	858.00	1008.00	1358.00
Reserves & Surplus (excluding revaluation Reserve)	196.60	233.69	1014.03
Income	1500.43	2155.13	6989.25
Profit after tax	95.17	141.71	647.44
EPS (Rs.)	1.11	1.41	4.77
Net Asset Value (Rs.)	12.24	12.31	17.46

Board of Directors

Name of the Director	Designation
Mr. C Chandrasekhar Reddy	Chairman
Dr. Y. Sonia Reddy	Managing Director
B. Prabhakar Reddy	Director
B. Siva Kumar Reddy	Director
Dr. K. Viswanath Reddy	Director
Dr. Dennis Dunham	Director

Shareholding pattern as on 31st December 2006

Particulars	No. of Shares	% holding
Promoters & Promoters' Group	1028004	2.91
Private Corporate Bodies	16059831	45.46
Foreign Institutional Investors (FIIs)	3700000	10.47
NRI/OCB	562555	1.59
Resident Indians	11437756	32.38
Clearing Members	1881854	5.32
Shares held by Custodians and against Depository Receipts have been issued	660000	1.87
Total	35330000	100.00

Monthly Highest and Lowest Market Prices of shares during the preceding 6 months

S. No.	Month	BSE		NSE	
		High	Low	High	Low
1	October 2006	22.00	15.50	—	—
2	November 2006	17.35	14.00	—	—
3	December 2006	15.90	11.80	15.25	13.15
4	January 2007	22.50	14.94	22.80	15.00
5	February 2007	22.40	14.00	22.25	14.10
6	March 2007	17.30	12.87	17.00	13.00

There are no pending litigations, defaults, etc against above Companies and its promoters.

The above company is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor under winding up

There are no pending shareholders grievances against the company.

The details of issues in the last three years are as follows:

S.No	Nature of Issue	Date of Allotment	Amount
1	GDR Issue of 21,750,000 equity shares of Rs. 10/- each	21.04.2006	US\$ 9,657,000 / Rs. 42,87,00,000
2	Preferential Issue of 20,00,000 equity shares of Rs. 10/- each	14.10.2005	Rs. 4,10,00,000
3	Preferential Issue of 15,00,000 equity shares of Rs. 10/- each	06.07.2005	Rs. 3,00,00,000
4	Preferential Issue of 15,00,000 equity shares of Rs. 10/- each	20.08.2004	For consideration other than cash (Rs. 1,50,00,000)

The following financial assistance has been availed from bank / financial institutions:

S.No	Nature of facility	Name of Bank / Financial Institution	Amount sanctioned / availed (Rs.)
1	Working Capital Loan	Andhra Pradesh State Finance Corporation	2,23,15,662
2	OD A/c	Syndicate Bank	2,50,00,000

(B) VISU GROUP SERVICES LIMITED

Visu Group Services Limited (VGS) was incorporated on 22nd January 2004 as a Limited Company with a primary object of providing service contracts, exports & imports of various consumable items & consultants for investment activities. Presently, the Company is under implementation stage to start operations during next financial year. The Registered Office is located at 104-106, Lumbini Enclave, Punjagutta, Hyderabad-500 082.

Financial Highlights
(Rs. In lacs)

Particulars	2003-04	2004-05	2005-06
Equity Capital (paid up)	5.00	5.00	5.00
Reserves & Surplus (excluding revaluation Reserve)	Nil	Nil	Nil
Income	Nil	Nil	Nil
Profit after tax	Nil	Nil	Nil
EPS (Rs.)	Nil	Nil	Nil
Net Asset Value (Rs.)	9.24	9.38	9.02

**Board of Directors**

Name of the Director	Designation
Mr. Chhava Chandrasekhar Reddy	Director
Dr. Y. Sonia Reddy	Director
Ms. C. Sophiya Reddy	Director

Shareholding Pattern as on 31st December 2006

Sr. No.	Name of shareholder	No. of shares	% Holding
1.	Mr. Chhava Chandrasekhar Reddy	20,000	40%
2.	Mrs. C. Subhadra	15,000	30%
3.	Dr. Y. Sonia Reddy	3,000	6%
4.	Ms. C. Sophia Reddy	3,000	6%
5.	Mrs. D. Supriya Reddy	3,000	6%
6.	Mrs. Y.S. Vidya Reddy	3,000	6%
7.	Mr. B. Prabhakar Reddy	3,000	6%
	Total	50,000	100%

The company has not availed of any assistance from any Bank/Financial Institution. The Commercial operations of the company have not yet commenced.

The Company is not listed in any Stock Exchange.

The Company has not made any public/right issue during last three years.

There are no pending litigations, defaults, etc against above Companies and its promoters.

The above company is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor under winding up

(C) VISU FILMS PRIVATE LIMITED

(Formerly known as Visglo Impex Private Limited)

Visu Films Private Limited (VFPL) was incorporated in January 30, 2003 with Registered Office at 104-106, Lumbini Enclave, Punjagutta, Hyderabad-500 082. The primary object was of starting a trading activity. VFPL undertakes trading in Consumer Durables, Furniture, etc. from its retail showroom 'Beautiful Living'. Later the name of the company has been changed from Visglo Impex Private Limited to Visu Films Private Limited on May 19, 2005 with an objective of Carry on the Business of exhibiting and distributing television films, television programs, video films, cinematographic films & acquires of selling rights therein.

Financial Highlights**(Rs. in Lakhs)**

Particulars	2003-04	2004-05	2005-06
Equity Capital (paid up)	1.00	1.00	1.00
Reserves & Surplus (excluding revaluation Reserve)	1.02	Nil	0.39
Income	73.87	14.73	209.12
Profit after tax	1.59	(7.83)	7.95
EPS (Rs.)	15.90	(78.34)	79.53
Net Asset Value (Rs.)	(22.33)	(18.74)	(15.15)

Board of Directors

Name of the Director	Designation
Ms. B. Swarnalatha	Managing Director
Mr. Chhava Chandrasekhar Reddy	Director
Dr. Y. Sonia Reddy	Director
Y.S. Vidya Reddy	Director

Shareholding Pattern as on 31st December 2006

S. No	Name of the Shareholder	No. of Shares	Percentage
1	Mr. B. Prabhakar Reddy	5,000	50%
2	Dr. Y. Sonia Reddy	5,000	50%
	Total	10,000	100%

The Company is not listed in any Stock Exchange.

The Company has not made any public/right issue during last three years.

There are no pending litigations, defaults, etc against above Companies and its promoters.

The above company is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor under winding up

(D) VISU COMMUNICATIONS PRIVATE LIMITED

Visu Communications Private Limited (VCPL) was incorporated on March 28, 2005 with Registered Office at 104-106, Lumbini Enclave, Punjagutta, Hyderabad-500 082. The Company was incorporated with an objective of publication of newspapers and magazines. VCPL has recently started publishing a Magazine in Telugu namely "Manabhumi".

Financial Highlights

(Rs. in lakhs)

Particulars	2005-06
Equity Capital (paid up)	1.00
Reserves & Surplus (excluding revaluation Reserve)	0.05
Income	17.87
Profit after tax	0.92
EPS (Rs.)	9.22
Net Asset Value (Rs.)	10.45

Board of Directors

S.No.	Name of the Director	Designation
1.	Mr.Chava Chandrasekhar Reddy	Director
2.	Dr. Y. Sonia Reddy	Director

Shareholding Pattern as on 31st December 2006

Sr. No	Name of the Shareholder	No. of Shares	Percentage
1.	Dr. Y. Sonia Reddy	5,000	50%
2.	Mr.Chava Chandrasekhar Reddy	5,000	50%
	Total	10,000	100%

The Company is not listed in any Stock Exchange.

The Company has not made any public/right issue during last three years.

There are no pending litigations, defaults, etc against above Companies and its promoters.

The above company is neither a sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1995 nor under winding up.

**COMPANY WITH WHICH OUR PROMOTERS HAVE DISASSOCIATED THEMSELVES IN THE LAST THREE YEARS**

Except as given in the table hereunder, our Promoters have not disassociated themselves from any other entity in the last three years.

Sr. no.	Name of Entity	Date of incorporation / formation	Date of disassociation	Status of the Entity
1	Maanya Biotech Private Limited	17.07.1995	28.03.2006	Resigned from directorship & Stake divested

Maanya Biotech Limited- This erstwhile Group Company of our promoters had proposed to raise funds through Public Issue and had received observation letter from SEBI three times in the past. However, the Company could not go ahead with the Public Issue due to following reasons:

Sr. No.	Particulars													
(i)	First SEBI Observation Letter No. 1(26)/2006/07/3070 dated December 18, 2000	<p>The total Project envisaged by Maanya Biotech Limited was Rs. 23 crores, which was to be funded as follows:</p> <table><tr><th>Particulars</th><th>Amount (Rs in crores)</th></tr><tr><td>Equity</td><td></td></tr><tr><td>Promoter's Contribution</td><td>5.00</td></tr><tr><td>Public Issue</td><td>5.00</td></tr><tr><td>Term Loan from IDBI</td><td>13.00</td></tr><tr><td>Total</td><td>23.00</td></tr></table> <p>IDBI had sanctioned a term loan of Rs. 10 crores and at the time of filing the draft prospectus Rs. 3 crores was yet to be tied up. By the time this could be tied up, the time period stipulated by SEBI in its observation letter dated December 18, 2000 expired and hence the Company could not go ahead with the Issue.</p>	Particulars	Amount (Rs in crores)	Equity		Promoter's Contribution	5.00	Public Issue	5.00	Term Loan from IDBI	13.00	Total	23.00
Particulars	Amount (Rs in crores)													
Equity														
Promoter's Contribution	5.00													
Public Issue	5.00													
Term Loan from IDBI	13.00													
Total	23.00													
(ii)	Second SEBI Observation Letter No. 1(26)/02002/11/2020 dated November 11, 2002	<p>The Company submitted the draft prospectus to SEBI for the second time keeping in view the in principle approvals from the Bombay Stock Exchange Limited, Hyderabad Stock Exchange and the Delhi Stock Exchange received earlier. (in respect of draft prospectus filed for the first time). However, approval from The Bombay Stock Exchange Limited could not be received since the eligibility criteria of Stock Exchange was revised (post issue Net Worth was increased to Rs. 20 crores). Hence the Company could not go ahead with the Issue.</p>												
(iii)	Third SEBI Observation Letter dated March 19, 2004	<p>The Company submitted to SEBI the draft prospectus for the third time and by the time the observation letter was received from SEBI the validity of the sanction letter issued by IDBI (for the term loan of Rs. 13 crores) was nearing its end. The Company approached IDBI to extend the validity from March 31, 2004 and by the time the same was extended the validity of SEBI observation letter expired. Hence the Company could not go ahead with the Issue.</p>												

- (1) The products proposed to be manufactured by Saamya are different from the products that were earlier proposed to be manufactured by Maanya (when Maanya was under the management of Dr. Y.Manivardhan Reddy along with other NRI promoters).

The products profiles of Saamya and Maanya are summarized below.

Item	SBIL (SAAMYA)	MBL (MAANYA)
Products & Process	Fermentation based Biotech products. And later Cyclosporin A, Tacrolimus, Sirolimus, Coenzyme Q10, Clavulanic Acid and Probiotics.	To start with Daunomucin and Hyaluronic (both cosmetic and pharma grade) Semi synthetic / synthetic 3rd generation Cephalosporins. viz., Cefazime, Cefotaxime, Ceftriaxone and Cefazoline
Technology used in the process	Upstream Fermentation process - single step. Downstream Aqueous filtration process.	Upstream Synthetic process - multistep. Downstream Organic solvent extraction process

- (2) Maanya had put efforts to get the project started, but failed due to delays in getting Stock Exchange approval and also from the term loan lenders.
- (3) Dr. Y. Manivardhan Reddy, then decided to manufacture different products than those envisaged for Maanya in a different company, viz Saamya. The product profiles of Saamya are already described above.

The Technology for Saamya products will be provided by M/s Biofin Labs s. r. l., Italy, vide the agreement entered with this firm dated 02-06-2005.

The expertise of Biofin lies in the areas of research in

- . Natural products from microorganisms
- . Free and immobilized enzymes for cosmetic, agriculture and pharmaceutical industries
- . Specific treatment of industrial waste ,

The technological services offered by Biofin include

- . Biological analysis and Controls and
- . Product integrity tests

Saamya will be obtaining commercially proven technology from Biofin labs and the technological guidance from Biofin will be an invaluable asset to Saamya. Many Indian Companies have sourced technology from Biofin. Biofin has transferred technologies previously to the companies such as Biocon, RPG Life Sciences group and Krebs Biotech.

- (4) Since Dr. Y.Manivardhan Reddy was concentrating all his efforts in implementing the project in Saamya, no progress was made in implementing the project in Maanya.
- (5) In 2006, some new investors (Mr. Suresh Reddy & Mr. Srinath Reddy) showed interest in taking control of Maanya and Dr. Y.Manivardhan Reddy decided to exit from the management of Maanya. With the resignation of Dr. Y.Manivardhan Reddy, Dr. Sonia Reddy and Anji Reddy from the Board of Maanya on March 27, 2006, the Board of Maanya was reconstituted with the induction of Mr. P. Suresh Reddy, D. Srinath Reddy and Mr. Y.L.Srinivas as Directors. With infusion of additional capital by the new promoters, the Shareholding of earlier promoters (Dr. Y.Manivardhan Reddy and Mrs. Sonia Reddy) got reduced from 96% to 14% in 2006 and currently stands at around 4%.

At the current moment, the product profile of Maanya is under consideration for a change from the originally proposed Cephalosporin products by the major stake holding NRI promoters. The likely products are Roxithromycin, Simvastatin, Clarithromycin, Nutraceuticals, Synthetic drugs and intermediaries.

None of the companies promoted by our Promoters have been struck off from the records of the Registrar of Companies in the last three years.



Common Pursuits

There is no common pursuit amongst the group companies.

Sales or Purchases Between Companies in the Group

There have been no sales or purchases between companies in the Group exceeding in value in the aggregate 10% of the total sales or purchases of our Company, except those transactions mentioned under the section titled “Financial Information” on [page 67](#).

Changes in Accounting Policies in the Last Three Years

There have been no changes in accounting policies in the last three years except as stated in section titled “Financial Information” beginning on [page 67](#).

MANAGEMENT DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF THE OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS**1) Business Overview**

Our Company is a first generation Biotechnology company based at Hyderabad with the aim to manufacture and market high value biopharmaceuticals and recombinant protein products of medical significance. Our Company is continuously working on effective strategies for the production and supply of both bulk and formulations with special focus on life saving drug entities at affordable price. Our Company is backed by business houses - Visu International, Visglo Impex, etc., Scientists and Technocrats in the field of biotechnology.

Our Company proposes to set up manufacturing facility biopharmaceuticals in Shapoorji Pallonji Biotech Park Pvt Ltd, at plot No 2, Kolthur village, Shameerpet Mandal, Rangareddy District, Andhra Pradesh to manufacture low volume high value active Bio-Pharmaceutical ingredients viz., Daunomycin (anti-cancer), Hyaluronic Acid - Pharma Grade (Ophthalmic medicine) and Cosmetic Grade.

With an aim to avoid gestation period and to make quick entry into the market, our Company made an agreement with M/s Biofin Laboratories s.r.l, Italy for the transfer of proven and validated commercial Technology of the products. Moreover, our Company has entered into an agreement with Finchimica, Italy for 100% sale of its products. This arrangement is made as a matter of abundant caution to ensure international market share. In addition, our Company will explore other opportunities in the international market through the foreign offices of our group company viz. Visu International Limited. This agreement ensures our products will have a ready market in the overseas market.

2) Significant developments subsequent to the last financial year:

In the opinion of our Directors there are no circumstances have arisen since the date of the last financial statements (March 31, 2007) as disclosed in the Prospectus and which materially and adversely affect or is likely to affect the trading or profitability of our Company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

3) Factors that may affect Results of the Operations.

- a. Our Company is totally depending on sales and purchase agreement with M/s Finchimica Spa, Italy. If the agreement cannot be executed, our Company will not be in a position to sell the products as per the schedule time frame.
- b. The technology of BIOFIN LABORATORIES, s.r.l Italy has been tested at lab/pilot plant scale and there is a risk involved in scaling it up to commercial size application.
- c. Our Company has entered into agreement with Shapoorji Pallonji Biotech Park Private Limited for Construction of Building, for which is Rs. 316.56 Lakhs is allocated in the project cost. Any delay in the construction will have financial impact on our Company.
- d. Our Company is yet to tie up the working Capital requirements with the Banks.
- e. If our Company is not able to receive the relevant approvals from Regulatory Agencies, either in India or outside India, the commercial production and sale of the products of our Company may be delayed.

4) Discussion on Results of Operations:

Since our Company is yet to commence the commercial operations, there is no relevant information to be given

5) Comparison of recent Financial Year with the Previous Financial Years (last three years) on the major heads of the Profit & Loss Statement:

Since our Company is yet to commence the commercial operations, there is no relevant information to be given.

An analysis of reasons for the changes in significant items of income and expenditure:

i. Unusual or infrequent events or transactions.

There have been no unusual or infrequent transactions that have taken place.

ii. Significant economic changes that materially affected or are likely to affect income from continuing operations.

Not Applicable



- iii. **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**
Not Applicable
- iv. **Future changes in relationship between costs and revenues, in case of events such as future increase in labour or material costs or prices that will cause a material change are known.**
Not Applicable
- v. **The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices.**
Not Applicable
- vi. **Total turnover of each major industry segment in which the issuer company operated.**
Not Applicable
- vii. **Status of any publicly announced new products or business segment.**
We have not announced any new product and segment.
- viii. **The extent to which business is seasonal.**
The business of our Company is not seasonal.
- ix. **Any significant dependence on a single or few suppliers or customers.**
Our Company is totally dependent on purchase agreement with M/s Finchimica Spa, an Italy based company.
- x. **Competitive conditions.**
Competition can be expected from established Indian drug manufacturers, which could affect the progress and profitability of this new venture.

SECTION VI - LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

There are no outstanding litigations against our Company, our Directors, our Promoters and our Group Companies or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by our Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Directors our Promoters and our Group Companies. Further, our Promoters or their relatives have confirmed that they have not been detained as willful defaulters by the RBI or any other government authority and there are no violations of securities laws committed by them in the past or are pending against them. Entities of our Promoter Group do not appear on the RBI defaulter list, nor are there any violations of securities laws committed by them in the past or pending against them, except the following:

1. Criminal Laws

- a) Cases filed by our Company - Nil
- b) Cases filed against our Company - Nil
- c) Cases filed by our Promoters- Nil
- d) Cases filed against our Promoters -

Sr. No.	Case No.(s) Institution Date	Plaintiff / Defendants	Name of Court	Amount Involved (in Rs. in Lakhs)	Subject Matter and Relief sought	Status as on date
01	CC No. 411/2004	VS Reddy Vs Dr. Y.Manivardhan. Reddy	XI Metropolitan Magistrate court, Secunderabad	8.93	Dishonour of cheque paid towards consideration of land admeasuring 14.32 acres	The said amount is being paid by Maanya Biotech by demand draft drawn on Syndicate bank and presented before the court.
02	CC No. 1391/2003	VS Reddy Vs Maanya Biotech Ltd & Dr. Y.Manivardhan. Reddy	XI Metropolitan Magistrate court	34.50	Dishonour of cheque paid towards consideration of land admeasuring 14.32 acres	The said amount is being paid by Maanya Biotech Ltd by demand draft drawn on Syndicate bank and presented before the court.

- e) Cases filed by our Directors- Nil
- f) Cases filed against our Directors - Nil
- g) Cases filed against our group companies/associate concerns-Nil
- h) Cases filed against by group companies/associate concerns - Nil

2. Under Securities Law

- a) Cases filed by our Company - Nil
- b) Cases filed against our Company- Nil
- c) Cases filed by our Promoters- Nil
- d) Cases filed against our Promoters- Nil
- e) Cases filed by our Directors- Nil
- f) Cases filed against our Directors- Nil
- g) Cases filed by our group companies/associate concerns- Nil
- h) Cases filed against our group companies/associate concerns:



Visu International Ltd, one of the group companies received letter no. CFD/DCR/RC/TO/26660/04, dated November 29, 2004 from SEBI in respect of alleged violation of Regulations 6 and 8 of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 for the year 2001-2002. By this letter SEBI has imposed a penalty of Rs.50,000/- for the alleged violation of takeover code.

The company has vide its letter dated January 07, 2005 given its consent to pay the aforesaid penalty of Rs.50,000/-. Final order by the adjudicating officer of SEBI is awaited.

3. Under Statutory Laws

- a) Cases filed by our Company - Nil
- b) Cases filed against our Company- Nil
- c) Cases filed by our Promoters- Nil
- d) Cases filed against our Promoters- Nil
- e) Cases filed by our Directors- Nil
- f) Cases filed against our Directors- Nil
- g) Cases filed by our group companies/associate concerns- Nil
- h) Cases filed against our group companies/associate concerns- Nil

4. Under Civil Law

- a) Cases filed by our Company - Nil
- b) Cases filed against our Company- Nil
- c) Cases filed by our Promoters
- d) Cases filed against our Promoters

Sr. No.	Case No.(s) Institution Date	Plaintiff / Defendants	Name of Court	Amount Involved (in Rs.)	Subject Matter and Relief sought	Status as on date
01	Case O.S. No.39 of 2007	V.S. Reddy Vs Maanya Biotech & Dr.Y. Manivardhan.Reddy	Sr. Civil Judge, Sanga Reddy	2.74	Land Sy.No. 290 admeasuring 14 acres 32 guntas. Cancellation of sale deed	Pending

- e) Cases filed by our Directors- Nil
- f) Cases filed against our Directors- Nil
- g) Cases filed by our group companies/associate concerns- Nil
- h) Cases filed against our group companies/associate concerns- Nil

5. Under Labour Laws

- a) Cases filed by our Company - Nil
- b) Cases filed against our Company- Nil
- c) Cases filed by our Promoters- Nil
- d) Cases filed against our Promoters- Nil
- e) Cases filed by our Directors- Nil
- f) Cases filed against our Directors- Nil
- g) Cases filed by our group companies/associate concerns- Nil
- h) Cases filed against our group companies/associate concerns

Sr. No.	Case No.(s) Institution Date	Plaintiff / Defendants	Name of Court	Amount Involved (in Rs.)	Subject Matter and Relief sought	Status as on date
01	SEMP/53/2004	Smt. B. Padma V/s. M/s. Visu International Ltd.	Assistant Commissioner of Labour, Hyderabad III	Not yet finalized	Allegations involves that Mrs. B. Padma's termination was arbitrary and also filed a petition for the condonation of 167 days. A counter affidavit denying the allegations has been filed on behalf of the company.	Pending

Our Company does not owe any sum to small-scale undertaking(s) or any other creditors.

Material Developments

There are no material developments after the date of the last audited balance sheet as on March 31, 2007, which may materially affect the performance, or prospects of our Company.

As per the opinion of our Directors, no circumstances have arisen since the date of last financial statement disclosed in the Prospectus that materially and adversely affect or are likely to effect the trading or profitability of our Company, the value of its assets, or its ability to pay liabilities within the next twelve months.

**GOVERNMENT APPROVALS /LICENSING ARRANGEMENTS**

In view of the material approvals listed below, our Company can undertake our current business activities. We have received the requisite material consents, licenses, permissions and approvals from the Government and various Government agencies required for our present business and no further material approvals are required for carrying on our present business as well as the business proposed to be carried on as mentioned in the chapter titled “Objects of the Issue” beginning on [page 18](#) except as mentioned below:

Sr. No.	Issuing authority	Registration No	Nature of Registration	Validity
1.	A.P. Pollution control Board	Vide Lt no 452/PCB/ZOH/CFE/ 2005-136 dated 20-04-2005	Issue of consent for Establishment	5 years
2.	Office of the Development Commissioner, Vishakhapatnam SEZ	No.PER:271/EOU/VSEZ/2004/169 Dated 17-03-2005	Permission under EOU Scheme	3 years
3.	Tax Deduction Account Number	No. HYDS17129A	Chief Commissioner of Income tax, Andhra Pradesh	One time
4.	Permanent Account Number	No.AAHCS2210C	Chief Commissioner of Income tax, Andhra Pradesh	One time

List of approvals necessary but not applied for:

The following are the various approvals which are required to implement the project, but have not been applied for and will be applied at various stages of the implementation of the Project.

Sr. No.	Approval / License	Issuing Authority	Remarks
1	Approval for all designs from the govt.	Andhra Pradesh Single Window Clearance	Will be obtained after finalisation of the detailed engineering design
2	RBI approval for transfer of technical fees	Reserve Bank of India	Will be obtained after completion of the public issue
3	Power Consent	APCPDCL	Will be made in due course
4	Drug Control permission	Director General, Drug Control Administration, Hyderabad	Will be obtained after the first batch of production

The abovementioned approvals will be obtained as and when required in the course of implementation of the project. We do not foresee any difficulty in obtaining the same.

SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES**Authority for the Present Issue**

The Issue has been authorized pursuant to a resolution of the Board of Directors of our Company adopted at its meeting held on February 16, 2007 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956, at the Extraordinary General Meeting of our Company held on March 15, 2007.

Prohibition by SEBI

Our Company, our Directors, our Promoters, our Subsidiary, other companies/ ventures promoted by our Promoters and companies with which our Directors are associated as Directors or Promoters have not been prohibited from accessing the capital markets or restrained from buying, selling or dealing in securities under any direction or order passed by SEBI. The listing of any securities of our Company has been never refused at anytime by any of the stock exchanges in India. Our Company, our Promoters, their relatives, group companies and associate companies has, not been detained as willful defaulters by RBI/government authorities and there are no violations of securities laws committed by them in past or pending against them except, a penalty of Rs.50,000/- has been imposed by the Securities Exchange and Board of India (SEBI) on Visu International Ltd, one of the group company, for violation of Regulation 6 and 8 of the Securities Exchange and Board of India (Substantial acquisition of shares and takeovers) Regulations, 1997.

Eligibility for the Issue

Since our Company does not meet the track record criteria as specified in Clause 2.2.1 of the SEBI Guidelines, Hence, our Company is coming out with an issue in terms of clause 2.2.2(a)(ii) & (b)(i) of SEBI (DIP) Guidelines, 2000, wherein:

1. The project has at least 15% participation by Financial Institutions/ Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs.
2. The minimum post issue face value capital of our Company shall be Rs. 1000 Lakhs.

The Project has been appraised by The State Bank of India and the project is to be financed by The State Bank of India by way of Long Term Loan to the tune of Rs. 500 Lakhs being approx. 17.81% of the entire project cost.

Our Company has to allot Equity Shares of minimum worth Rs.150.00 Lakhs being 10.00% of Rs.1500.00 Lakhs (Issue Size) for equity participation from QIBs.

The post issue capital shall be Rs.2308.00 Lakhs.

Our Company undertakes that the number of allottees in the proposed public issue shall be atleast 1000, otherwise, 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.

SEBI DISCLAIMER CLAUSE**AS REQUIRED A COPY OF THE PROSPECTUS HAS BEEN SUBMITTED TO SEBI, CHENNAI.**

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED 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 PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. LEAD MANAGER, UTI SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURE AND INVESTOR PROTECTION FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED OFFER. IT SHOULD ALSO, BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL THE RELEVANT INFORMATION IN THE PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, UTI SECURITIES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED April 05, 2007 IN ACCORDANCE WITH 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 FINALIZATION OF THE 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 OFFER, 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 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; AND**
- c) **THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
- d) **BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID;**
- e) **IF UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.”**

THE FILING OF THIS PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR 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 LEAD MANAGER TO THE ISSUE, ANY IRREGULARITIES OR LAPSES IN THE PROSPECTUS.

General Disclaimer & Caution

Investors may note that our Company and the Lead Manager accepts no responsibility for statements made other than in this Prospectus or in the advertisements or in any other material issued by or at the instance of our Company or the Lead Manager and that anyone placing reliance on any other source of information would be doing so at his/her own risk. All information shall be made available by the Lead Manager and the Issuer to the members at large and no selective or additional information would be available for a section of the members in any manner whatsoever. Further, Lead Manager and the Issuer undertake to update the Prospectus and keep the public informed of any material changes till the listing and trading commencement.

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager and our Company and the Underwriting Agreement to be entered between the underwriters and our Company.

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 majors, Hindu Undivided Families, 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 permission), Trusts registered under the Societies Registration Act, 1860, or under any other trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs, and FIIs as defined under the applicable Indian laws. This Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an Issue or invitation in such jurisdiction. Any person into whose possession this Prospectus comes into is required to inform himself 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 Hyderabad only.

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 Prospectus has been submitted to the SEBI. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Prospectus has been filed with SEBI for its observations and SEBI has given its observations and that the final Prospectus has been filed with the RoC as per the provisions of the Companies Act.

Disclaimer Clause of Bombay Stock Exchange Limited (“BSE”)

As required, a copy of this offer document has been submitted to BSE. The BSE has given vide their letter dated May 24, 2007 permission to this Company to use the BSE’s name in this offer document as one of the stock exchanges on which this Company’s securities are proposed to be listed. The BSE has scrutinized this offer document for its limited internal purpose of deciding the matter of granting the aforesaid permission to this Company.

The BSE does not in any manner:

- i) Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii) Warrant that this Company’s securities will be listed or will continue to be listed on the exchange;
- iii) Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

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

Filing

1. A copy of this Prospectus along with the documents required to be filed under Section 60 of the Companies Act, 1956 would be delivered for registration to the Registrar of Companies, Hyderabad, Andhra Pradesh at Kendriya Sadan, Sultan Bazar, Koti, Hyderabad - 500195, atleast 3 (three) days before the issue opening date.
2. Copy of the Prospectus has been filed with SEBI, D’Monte Building, 3rd Floor, 32 ‘D’ Monte Colony, TTK Road, Alwarpet, Chennai- 600018.

Listing

The Equity Shares to be issued through this Prospectus are proposed to be listed on BSE and listing application has been made to this Exchange for permission to list the Equity Shares and for an official quotation of the Equity Shares of our Company. Our Company has nominated the Bombay Stock Exchange Ltd (BSE) as Designated Stock Exchange.

In case, the permission for listing and or dealing & official quotation of the Equity Shares is not granted by any of the Stock Exchange, our Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Prospectus. If such money is not repaid within 8 days after the day from which the Issuer becomes liable to repay it, then our Company and every director of our Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under Section 73 of the Companies Act, 1956.

We shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE are taken within seven working days of finalization of 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, 1956, 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.”

Consents

Consents in writing of our Directors, Auditors, Lead Manager to the Issue, Bankers to the Company, Banker to the Issue, Company Secretary and Compliance Officer, Legal Advisor, Registrar to the Issue to act in their respective capacities have been obtained and would be filed along with Copy of Prospectus with the Registrar of Companies, Andhra Pradesh at Hyderabad as required under Section 60 of the Act, and none of them have withdrawn the said consents up to the time of delivery of a copy of this Prospectus for Registration with the said Registrar of Companies, Andhra Pradesh at Hyderabad.

Expert Opinion

Except for the various “Statement of Tax Benefits” available to our Company and its members and “Financial Statements” forming part of this Prospectus and expressed by the Auditors of our Company, our Company has not obtained any other expert opinion.

Public Issue Expenses

The expenses of the Issue payable by our Company inclusive of fees payable to the Lead Manager, fees payable to the Registrars to the Issue, fees of Legal Advisors, Stamp Duty, Printing, Publication, Advertising and Distribution expenses, Bank charges, Listing Fees, Brokerage and other Miscellaneous Expenses are estimated to be approximately Rs.70.00 Lakhs and will be met out of the proceeds of the Issue.

Fees Payable to the Lead Manager to the Issue

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed with the Lead Manager dated April 02, 2007, a copy of which is available for inspection at the Registered Office and Corporate Office of our Company.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with our Company dated November 11, 2005, a copy of which is available for inspection at the Registered Office and Corporate Office of our Company.

Underwriting Commission, Brokerage & Selling Commission

The underwriting commission will be paid not more than 2% of the Public Issue Size.

Brokerage for the Issue will be paid not more than @ 1.5% of the Issue Price of the Equity Shares by our Company on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the ‘Broker’ column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers’/ Agents’ codes on the application form, our decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

Our Company, at sole discretion, may consider payment of additional incentive in the form of kitty or otherwise to the performing brokers on such terms and mode as may be decided by our Company.

Previous Public or Rights Issues, if any, during last five years

This is the first public issue of our Company. Our Company has not made any public or right issue previously.

Previous Issues Of Shares Otherwise Than For Cash

Our Company has not issued any Equity Share for consideration other than cash.

Commission or Brokerage on Previous Issues

Our Company has not made any public or rights Issue since its inception and has not paid any commission or brokerage.

Issues Made by the Companies under the same Management under Section 370(1b) of the Companies Act, 1956 which has made any capital issue during the last three years.

Except as stated below, neither our Company nor any other listed company under the same management with the meaning of Section 370(1B) of the Companies Act, 1956, has made any capital issue during the last three years.

Our Group Company, Visu International Limited has made the following issue during the last three years:-

S.No	Nature of Issue	Date of Allotment	Amount
1	GDR Issue of 21,750,000 equity shares of Rs. 10/- each	21.04.2006	US\$ 9,657,000 / Rs. 42,87,00,000
2	Preferential Issue of 20,00,000 equity shares of Rs. 10/- each	14.10.2005	Rs. 4,10,00,000
3	Preferential Issue of 15,00,000 equity shares of Rs. 10/- each	06.07.2005	Rs. 3,00,00,000
4	Preferential Issue of 15,00,000 equity shares of Rs. 10/- each	20.08.2004	For consideration other than cash (Rs. 1,50,00,000)

Promise vis-à-vis Performance

Since our Company has not made any public issue in past, Promise vis-à-vis Performance is not applicable to us.

Listed Ventures of Promoters - Promise vis-à-vis Performance

One of the promoters of our Company is also the Managing Director of Visu International Limited which is listed on The Hyderabad Stock Exchange Limited and the Bangalore Stock Exchange Limited and trading on BSE INDONEXT category.

Visu International Limited had made its maiden public issue of Equity Shares (IPO) during the year 2000. It had made a public issue of 15,70,000 Equity Shares of Rs. 10/- each for cash at par aggregating Rs.157 Lakhs. The projections made by the Company for the next two FYs after the IPO and the actual performance with the variance are given below.

Particulars	2000-2001			2001-2002		
	Projections	Actual	Variance %	Projections	Actual	Variance %
Total Income	654.00	368.57	-43.64	1058.99	661.80	-37.51
Profit after tax	193.44	76.81	-60.29	406.63	18.17	-95.53
Dividend %	10.00	0.00	-100.00	20.00	0.00	-100.00
Net worth	666.63	605.19	-9.22	974.77	949.02	-2.64
EPS (Rs)	3.83	1.52	-60.31	8.05	0.17	-97.89

Outstanding Debentures or Redeemable Preference Shares

Our Company has does not have any outstanding Debentures, Redeemable Preference Shares or any other instruments.

Stock Market Data

Currently our Equity Shares are not listed/ quoted on any Stock Exchange.

Redressal of Investor Grievances

The Registrar to the Issue i.e. Aarthi Consultants Private Limited will handle investors' grievances pertaining to this issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to our Company. Our Company would also be coordinating with the Registrar to the issue in attending to the grievances of the investors. Our Company assures that the Registrar, in respect of the complaints, if any, to be received, shall adhere to the following schedules-

Sr. No.	Nature of the Complaint	Time taken
1	Non-receipt of the refund warrants or share certificates	Within 7 days of receipt of complaint, subject to production of satisfactory evidence.
2	Change of address notification	Within 7 days of receipt of information.
3	Any other complaint in relation to public issue	Within 7 days of receipt of complaint with all relevant details.

Our Company has appointed Ms. T. A. Veena, as Compliance Officer who would directly deal with SEBI office with respect



to implementation of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints. The investors may contact the compliance officer in case of any pre-issue/post issue related problems. The Compliance Officer will be available at the Registered Office of our Company. We have not received any complaints since the document has been made public.

Changes in Auditors during the Last Three Years and Reasons Thereof

Since inception of our Company M/s. P. Murali & Co, Chartered Accountants are the Auditors of our Company.

Capitalisation of Reserves or Profits (During Last Five Years)

No reserves or profits have been capitalized during last five years.

Revaluation of Assets, If Any

None of the assets of our Company have been revalued during last five years.

SECTION VIII - ISSUE INFORMATION**TERMS OF THE ISSUE****Terms of the Issue**

The Equity Shares being issued are subject to the provisions of the Companies Act, Memorandum and Articles of Association, the terms of this Prospectus, Application Forms 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 as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of Memorandum and Articles and shall rank pari passu in all respects with the other existing Equity Shares of our Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits (including dividend), if any, declared by our Company after the date of Allotment.

Mode of payment of Dividend

The declaration and payment of dividends will be recommended by our Board of Directors and its shareholders, at their discretion, and will depend on a number of factors, including but not limited our Company's earnings, capital requirements and overall financial condition.

Face Value and Issue Price

The Equity Shares with a face value of Rs.10/- per share are being offered in terms of this Prospectus at issue price of Rs.10/- per share, which is one time of the Face Value.

Rights of the Equity Shareholder

Subject to applicable laws and Articles of Association of our Company, 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 Memorandum and Articles of Association of our Company.

Market Lot & Trading Lot

In terms of existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors and hence, the tradable lot is one Equity Share. In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialized form in multiples of one Equity Share subject to a minimum Allotment of 500 Equity Shares.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first applicant, along with other joint applicants, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicants, death of all the applicants, 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.



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:

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

Further, our 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, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the net issue to the public including devolvement of Underwriters within 60 days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest as per Section 73 of the Companies Act, 1956.

Withdrawal of the Issue

Our Company, in consultation with the LM, reserves the right not to proceed with the Issue anytime after the Issue Opening Date without assigning any reason thereof.

In the event of withdrawal of the issue anytime after the Issue Opening Date, our Company will forthwith repay, without interest, all monies received from the applicants in pursuance of the Prospectus. If such money is not repaid within 8 days after our Company become liable to repay it, i.e from the date of withdrawal, then our Company, and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money.

Period of Subscription

The subscription list for public issue shall remain open for atleast 3 working days and not more than 10 working days.

Arrangements for Disposal of Odd Lots

Our Company's shares will be traded in dematerialized form only and therefore the marketable lot is one share. Therefore there is no possibility of odd lots.

Restriction on Transfer and Transmission of Shares

Except as stated otherwise in this Prospectus, there are no restrictions on transfer and transmission of the Equity shares and on their consolidation/splitting

Compliance with SEBI Guidelines

Our Company shall comply with all requirements of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 as amended from time to time. Our Company shall comply with all disclosure norms as specified by SEBI from time to time.

2. ISSUE PROCEDURE

Authority for the Present Issue

The Issue has been authorized pursuant to a resolution of the Board of Directors of our Company adopted at its meeting held on February 16, 2007 and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, 1956, at the Extraordinary General Meeting of our Company held on March 15, 2007.

Availability of Prospectus and Application Forms

The Memorandum Form 2A containing the salient features of the Prospectus together with Application Forms and copies of the Prospectus may be obtained from the Registered Office of our Company, Lead Manager to the Issue, Registrar to the Issue and at the collection centres of the Bankers to the Issue, as mentioned on the Application Form.

NRIs/FIIs can obtain the Application form from the registered office of our Company.

Application may be made by

- a) Indian Nationals, who are resident in India and are Adult Individuals and are not lunatic, in single name or joint names (not more than three)
- b) Hindu Undivided Families through the Karta of the Hindu Undivided Family
- c) Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Shares
- d) Indian Mutual Funds registered with SEBI
- e) Indian Financial Institutions & Banks
- f) Indian Venture Capital Funds / Foreign Venture Capital Funds registered with SEBI subject to the applicable RBI Guidelines and Approvals, if any.
- g) State Industrial Development Corporations
- h) Insurance Companies registered with Insurance Regulatory and Development Authority
- i) Provident Funds with minimum corpus of Rs.2500 Lakhs
- j) Pension Funds with minimum corpus of Rs.2500 Lakhs
- k) Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and are authorised under its constitution to hold and invest in Equity Shares of a Company
- l) Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India
- m) Permanent and Regular employees of our Company
- n) Non-Resident Indians (NRIs) on repatriation / non-repatriation basis
- o) Foreign Institutional Investors (FIIs) on repatriation basis

Applications not to be made by

- a) Minors
- b) Partnership firms or their nominees
- c) Foreign Nationals (except NRIs)
- d) Overseas Corporate Bodies (OCBs)

Applications by Hindu Undivided Families (HUF)

Applications may be made by Hindu Undivided Families (HUF) through the Karta of the (HUF) and will be treated at par with individual applications.

Application Form

Applications must be made only on the prescribed Application Form and should be completed in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form, and are liable to be rejected if not so made. The prescribed application forms will have the following colours:

Category	Colour of Application Form
Indian Public including eligible NRIs applying on non-repatriation basis	White
NRIs/FIIs applying on repatriation basis	Blue

Minimum and Maximum Application Size

Applications should be for minimum of 500 Equity Shares and in multiples of 500 Equity Shares thereafter. An applicant in the net public category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares



offered to the public. In the case of reserved categories, a single applicant in the reserved category can make an application for a number of Equity Shares, which exceeds the reservation.

Under existing SEBI guidelines, a QIB applicant cannot withdraw its application after the Issue Closing Date.

Option to Subscribe

As on the date of this document, there are no pending options to subscribe to Equity Shares or convertible instruments pending conversion into Equity Shares of any kind. The investor shall have the option to subscribe to Equity Shares to be dealt with in a depository.

Applications under Power of Attorney

In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of trusts, Provident Funds, Superannuation Funds, Gratuity Funds; a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.

Our Company in absolute discretion reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Application Form subject to such terms and conditions as it may deem fit.

Instructions for applications by NRIs/ FIIs (on Repatriable basis)

1. As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, our Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits.
2. However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines. Sale proceeds of such investments in Equity Shares will be allowed to be repatriated along with the income thereon subject to the permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.
3. In case of application by NRIs 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 authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to NRE or FCNR account.
4. In case of application by FIIs on repatriation basis, the payment should be made out of funds held in Special Non-Resident Rupee Account along with documentary evidence in support of the remittance like certificates such as FIRC, bank certificate etc. from the authorised dealer. Payment by bank drafts should be accompanied by bank certificate confirming that the bank draft has been issued by debiting to Special Non-Resident Rupee Account.
5. Duly filled Application Forms by NRIs / FIIs will be accepted at designated branches of the Bankers to the Issue at Mumbai and New Delhi only.
6. Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges / commission. In case of applicants who remit their application money from funds held in NRE / FCNR accounts, such payments shall be credited to their respective NRE / FCNR accounts (details of which shall be furnished in the space provided for this purpose in the Application Form), under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into U.S. Dollars or any other freely convertible currency as maybe permitted by RBI at the exchange rate prevailing at the time of remittance and will be dispatched by registered post, or if the applicants so desire, will be credited to their NRE / FCNR accounts, details of which are to be furnished in the space provided for this purpose in the Application Form. Our Company will not be responsible for loss, if any, incurred by the applicant on account of conversion of Foreign Currency into Indian Rupees and vice versa.
7. Applications in this category may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

Instructions for Applications by Indian Mutual Funds & Scheduled Banks

1. A separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications. The applications made by the Asset Management Company or Trustees / Custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.
2. Indian Mutual Funds & Scheduled Banks should apply in this Public Issue based upon their own investment limits and approvals.
3. Application forms together with cheques or bank drafts drawn in Indian Rupees for the full amount payable at the rate of Indian Rs. 10/- per share must be delivered before the close of subscription list to such branches of the Bankers to the Issue at places mentioned in the application form.
4. A separate single cheque / bank draft must accompany each application form.

Terms of Payment

The entire Issue price of Rs.10/- per share is payable on application only. In case of allotment of lesser number of Equity Shares than the number applied, our Company shall refund the excess amount paid on application to the applicants.

Announcement of Pre-Issue Advertisement

Subject to section 6 of the Companies Act, 1956 our Company shall after receiving the final observations, if any, on this Prospectus from SEBI, publish an advertisement, in the form prescribed by the SEBI (DIP) Guidelines in an English national daily with wide circulation, one Hindi National newspaper and a regional language newspaper with wide circulation at Hyderabad.

General Instructions for applicants

1. Applications must be made in the prescribed application form and completed in Full in BLOCK LETTERS in English as per the instructions contained herein and in the application form and are liable to be rejected if not so made.
2. The application for Equity Shares should be for a minimum of 500 Equity Shares and in multiples of 500 shares thereafter. An applicant can make an application only for a maximum number of Equity Shares that are offered in the respective category.
3. Thumb impressions and signatures other than in English/ Hindi or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.

4. Bank Account Details of Applicant

The name of the Applicant, Depository Participant's name, Depository Participant's Identification (DPID) number and the Beneficiary number provided by the Depository Participant must be mentioned correctly in the Application Form at the appropriate places. The Registrar will obtain the Demographic details such as Address, Bank account details and occupation from the depository participants. The refunds, if any, will be printed with the Bank details as given by the Depository participant.

5. Applicants should write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.
6. Applications by NRIs on non-repatriation basis can be made using the Form meant for Public out of the funds held in Non-Resident Ordinary (NRO) Account. The relevant bank certificate must accompany such forms. Such applications will be treated on par with the applications made by the public.

Payment Instructions

1. Payments should be made in cash or cheque or bank draft drawn on any Bank (including a Co-operative Bank), which is situated at and is a member or a sub-member of the Bankers' "Clearing House", located at the Centers (indicated in the Application Form) where the Application is accepted. However, if the amount payable on application is Rs. 20,000/- or more, in terms of section 269SS of the Income-Tax Act, 1961; such payment must be effected only by way of an account payee cheque or bank draft. In case payment is effected in contravention of the conditions mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon.
2. Money orders, postal orders, outstation cheques or bank drafts, cheques / draft drawn on Banks not participating in the "clearing" will not be accepted and applications accompanied with such instruments may be rejected.



3. A separate cheque / bank draft must accompany each application form.
4. All cheques / bank drafts accompanying the application should be crossed “A/c Payee Only” and made payable to the Bankers to the Issue and marked:

Category of Application	Cheques / Bank Drafts favoring
Indian Public including eligible NRIs applying on non-repatriation basis	“ _____ Bank A/c- SBIL- Public Issue”
NRIs/ FIIs on repatriation basis	“ _____ Bank A/c- SBIL - Public Issue - NR”

5. Investors will not have facility of applying through stockinvest instruments as RBI has withdrawn the stockinvest scheme vide notification no.DBOD.NO.FSC.BC.42/24.47.001/ 2003-04 dated 5/11/2003.

Submission of Completed Application Forms:

All applications duly completed and accompanied by cash/ cheques / bank drafts shall be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. **Application(s) should not be sent to the office of our Company or the Lead Manager to the Issue or the Registrar to the Issue.**

Applicants residing at places where no collection centers have been opened may submit / mail their applications at their sole risk along with application money due there on by Bank Draft to the Registrar to the Issue, Aarthi Consultants Private Limited, superscribing the envelope “**Saamya Biotech (India) Limited - Public Issue**” so as to reach the Registrar on or before the closure of the Subscription List. Such bank drafts should be payable at Hyderabad only.

Our Company will not be responsible for postal delays and loss in transit. Our Company will not entertain any claims, damage or loss due to postal delays or loss in transit.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form.

Applications shall be deemed to have been received by our Company only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

Other Instructions

Joint Applications in the case of individuals

Applications can be in single or joint names (not more than three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application form at the address mentioned therein.

Applications may be made by Hindu Undivided Families (HUF) through the Karta of the (HUF) and will be treated at par with individual applications.

Multiple Applications

An applicant should submit only one application form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first applicant is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect the multiple applications are given below:

- i. All applications with the same name and age will be accumulated and taken to a separate process file which would serve as a multiple master.
- ii. In this master, a check will be carried out for the same PAN. In cases where the PAN is different, the same will be deleted from this master.
- iii. The Registrar will obtain, from the depositories, details of the applicant’s address based on the DP ID and Beneficiary Account Number provided in the Application form and create an address master.
- iv. The addresses of all the applicants in the multiple master will be strung from the address master. This involves putting the addresses in a single line after deleting non-alpha and non-numeric characters i.e, commas, full stops, hash etc.

Sometimes, the name, the first line of address and pin code will be converted into a string for each application received and a photo match will be carried out amongst all the applications processed. A print-out of the addresses will be taken to check for common names. The applications with same name and same address will be treated as multiple application.

- v. The applications will be scrutinized for DP ID and Beneficiary Account Numbers. In case applications bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple applications.
- vi. Subsequent to the aforesaid procedures, a print out of the multiple master will be taken and the applications physically verified to tally signatures as also father's/husband's names. On completion of this, the applications will be identified as multiple applications.

In case of mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such applications in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the applications clearly indicate the scheme concerned for which the application has been made. The applications made by the Asset Management Companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned for which application is being made.

We reserve the right to reject, in their absolute discretion, all or any multiple applications in any or all categories.

PAN/ GIR Number

Where application(s) is/are for Rs. 50,000 or more, the applicant or in the case of an application in joint names, each of the applicants, should mention his/her Permanent Account Number (PAN) allotted under the IT Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.** In case the sole/ first applicant and joint applicant(s) is/are not required to obtain PAN, each of the applicant(s) shall mention "Not Applicable" and in the event that the sole applicant and/or the joint applicant(s) have applied for PAN, which has not yet been allotted, each of the applicant(s) should mention "Applied for" in the Application Form. Further, where the applicant(s) has mentioned "Applied for" or "Not Applicable", the sole/first applicant and each of the joint applicant(s), as the case may be, would be required to submit Form 60 (form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in Rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in Rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration card (b) Passport (c) Driving licence (d) Identity card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance. All applicants are requested to furnish, where applicable, the revised Form 60 or Form 61 as the case may be.**

Right to reject the applications

Our Company and the Lead Manager reserve the right to reject any application without assigning any reason therefore in case of QIBs. In case of Non-Institutional Applicants and Retail Individual Applicants, we have a right to reject applications based on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Applicant's address at the Applicants risk.

Grounds for Technical Rejections

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

- i. Amount paid does not tally with the amount payable for the value of Equity Shares applied for;
- ii. Age of first applicant not given;
- iii. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
- iv. NRIs, except eligible NRIs and Non-Residents;
- v. Applications by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;



- vi. PAN not stated if Application is for Rs. 50,000 or more and GIR number given instead of PAN;
- vii. Copy of PAN card or PAN allotment letter is not enclosed if the application is for more than Rs.50,000/-.
- viii. Applications for number of Equity Shares, which are not in multiples of 500;
- ix. Category not ticked;
- x. Multiple Applications as defined in this Prospectus;
- xi. In case of Application under power of attorney or by Limited Companies, corporate, trust etc., relevant documents are not submitted;
- xii. Applications accompanied by stockinvest/money order/postal order/cash (wherever applicable);
- xiii. Signature of sole and/or joint Applicants missing;
- xiv. Application Form does not have the Applicant's depository account details;
- xv. Application Form is not delivered by the Applicant within the time prescribed as per the Application Form, Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and the Application Form;
- xvi. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Applicants (including the order of names of joint holders), the depository participant's identity (DP ID) and the beneficiary account number;
- xvii. Applications for amounts greater than the maximum permissible amounts prescribed by the regulations.
- xviii. Applications by OCBs; and
- xix. Applications by U.S. persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the Securities Act;

Equity Share In Dematerialised Form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Share of our Company can be held in a dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

Successful allottees in this issue will be compulsorily allotted Equity Shares in dematerialized form. In this context, two tripartite agreements have been signed between our Company, the Registrar and the Depositories:

1. An agreement dated January 13, 2006 between our Company, NSDL and Aarthi Consultants Private Limited; and
2. An agreement dated June 25, 2007 between our Company, CDSL and Aarthi Consultants Private Limited.

The Equity Shares of our Company bear **ISIN No:INE320H01019**

All investors can seek allotment only in dematerialized mode. However an investor will have an option to hold the shares in Physical form or demat form. After the allotment in the proposed issue allottees may request their respective DP for rematerialization of shares if they wish to hold shares in physical form. Applications without relevant details of his or her depository account are liable to be rejected.

1. An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
2. The applicant must necessarily fill in the details (including the beneficiary account no. and Depository Participant's ID no.) in the application form.
3. Equity Shares allotted to an applicant in the electronic account will be credited directly to the respective beneficiary accounts (with the DP).
4. Names in the share application 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 account details in the depository.
5. The Registrar to this Issue will directly send non-transferable allotment letters/refund orders to the applicant.
6. If incomplete/incorrect details are given under the heading 'Request for shares in electronic form' in the application form, it is liable to be rejected.
7. The applicant is responsible for the correctness of the applicant's demographic details given in the application form vis-

à-vis those with his/her Depository Participant.

8. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares of our Company are proposed to be listed are connected to NSDL and CDSL.
9. Trading in the Equity Shares of our Company would be in dematerialized form only for all investors.
10. Investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allocated to them pursuant to this Issue.

Communication

All future communications in connection with applications made in this issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First applicant, Application Form Number, Applicant's Depository account details, number of Equity Shares applied for, date of Application form, name and address of the member of the Syndicate where the application was submitted and cheque or draft number and issuing bank thereof.

Our Company has appointed Ms. T. A Veena as the Compliance Officer for the purpose of this IPO. The compliance officer can be contacted at Suit No-104 & 106, Lumbini Enclave, Opp: NIMS, Punjagutta, Hyderabad-82, Tel: +91-40-23398359, 23399241, Fax: +91-40-23395214, Email: ipo@saamyabiotechltd.com

Investors can contact the Compliance Officer in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account / refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue.

For further instructions regarding application for the Equity Shares, investors are requested to read the application form carefully

Disposal of Application and Application Money

Our Company reserves, in own, absolute and uncontrolled discretion and without assigning any reason, the right to accept in whole or in part or reject any application. If an application is rejected in full, the entire application money received will be refunded to the applicant. If the application is rejected in part, excess of the application money received will be refunded to the applicant within 30 (thirty) days from the date of closure of the Issue. No interest will be payable on the application money so refunded. Refund will be made by cheques or demand drafts drawn in favour of the sole/first applicant (including the details of his/her savings/current account number and the name of the bank with whom the account is held) to the Issue and will be dispatched by Registered Post/ Speed Post for amounts above Rs.1,500 and by Certificate of Posting otherwise. Such refund orders will be payable at par at all the collection centres.

The subscription received in respect of Public Issue will be kept in a separate bank account and our Company shall not have access to such funds unless approval for dealing from BSE, where listing has been proposed, is received.

Our Company has undertaken to make adequate funds available to the Registrar to the Issue for complying with the requirements of despatch of Allotment Letters/Refund Orders by Registered Post/Speed Post.

Interest on Excess Application Money

Payment of interest at rate of 15% per annum on the excess application money, after adjusting the amount due on allotment and unpaid calls will be made to the applicants, if the refund orders are not dispatched within 30 days from the date of closure of the subscription list.

Basis of Allotment

In the event of the Present Issue of Equity Shares being oversubscribed, allotment shall be made on a proportionate basis and the basis of allotment will be finalized in accordance with the SEBI Guidelines and in consultation with BSE (Designated Stock Exchange). The Executive Director / Managing Director of BSE along with the Lead Manager and the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the following guidelines:

Proportionate Allotment Procedure

Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size i.e. 500 Equity Shares.



Reservation for Retail Individual Investor

The above proportionate allotments of Equity Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual investors as described below:

- a. At least 15,00,000 Equity Shares shall be allotted to QIBs
The unsubscribed portion, if any, after such inter se adjustments amongst the reserved categories shall be added back to the Net Issue to the Public.
- b. A minimum 50% of the Net Issue to the Public shall initially be made available for allotment to Retail Individual Investors, as the case may be.
- c. The balance Net Issue to the Public shall be made available for allotment to:
 - I. individual applicants other than retail individual investors, and;
 - II. other investors including Corporate bodies/ institutions irrespective of the number of shares, debentures, etc. applied for.
- d. Spill over from QIBs' category, shall, at the sole discretion of our Company in consultation with the Lead Manager, be allowed to meet under-subscription, if any, in categories for Non-Institutional Investors and Retail Individual Investors.
- e. Further, unsubscribed portion in either of Non-Institutional Investors or Retail Individual Investors category shall be added to the other category interchangeably.

The drawal of lots (where required) to finalize the basis of allotment, shall be done in the presence of a public representative on the Governing Board of BSE (designated stock exchange). The basis of allotment shall be signed as correct by the Executive Director/Managing Director of BSE (designated stock exchange) and the public representative in addition to the Lead Manager, our Company and the Registrar to the Issue.

Letters of Allotment or Dispatch of Refund Orders

Our Company shall give credit to the Beneficiary Account with Depository Participants within two (2) working days of finalisation of the basis of allotment of Equity Shares. Our Company 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 applicant's sole risk. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE are taken within 7 working days of finalization of the Basis of Allotment for the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Guidelines, our Company further undertakes that:

- Allotment of Equity Shares will be made within 30 days from the Issue closing date
- Dispatch of refund orders will be done within 30 days from the Issue closing date
- Our Company shall pay interest at 15% per annum (for delay beyond 30 day time as mentioned above), if refund orders are not dispatched and/or demat credit are not made to investors within the 30 day time prescribed above.

Our Company 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 or pay-orders drawn on the bank(s) appointed by our Company, as refund banker(s). Such instruments will be payable at par at the places where applications are accepted. Bank charges, if any, for encashing such cheques or pay orders will be payable by the applicant.

Mode of Making Refunds

We shall ensure dispatch of allotment advice and/or refund orders/refund advice (in case refunds made through ECS/ Direct Credit, RTGS, NEFT) as the case may be giving credit to the Beneficiary Account of the applicants with their respective Depository Participant 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 payment of refund, if any, would be done through various modes as given hereunder:

1. ECS - Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur,

Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.

2. Direct Credit - Applicants having bank accounts with the Refund Banker(s), shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. RTGS - Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 million, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) - Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage and hence use of NEFT is subject to operational feasibility, cost and process efficiency.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on refund banks and payable at par at places where applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the applicants.

Our Company will provide adequate funds required to the Registrar to the Issue for refunds to unsuccessful applicants or allotment advice. Refunds if, not made by ECS, Direct Credit, RTGS, NEFT will be made through cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the applicants.

Where refunds are made through electronic transfer of funds, a suitable communication will be sent to the bidders within 30 days of closure of the issue, giving details of the Bank where refund will be credited along with amount and expected date of electronic credit of refund.

The bank account details for ECS, Direct Credit, RTGS, National Electronic Funds Transfer (NEFT) credit will be directly taken from the depositories' database and hence applicants are required to ensure that bank details including the nine digit MICR code (Magnetic Ink Character Recognition) maintained at the depository level are updated and correct.

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.”**

Interest in Case of Delay in Dispatch of Allotment Letters / Refund Orders

“Our Company agrees that as far as possible allotment of securities offered to the public shall be made within 30 days of the closure of public issue. Our Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants within 30 days from the date of the closure of the issue. However applications received after the closure of issue in fulfillment of underwriting obligations to meet the minimum subscription requirement, shall not be entitled for the said interest.”



Undertaking by our Company

Our Company undertakes:

- a. That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
- b. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares are to be listed are taken within 7 working days of finalization of the basis of allotment;
- c. That the funds required for dispatch of refund orders by registered post shall be made available to the Registrar to the Issue by our Company;
- d. That the promoters' contribution in full, wherever required, shall be brought in advance before the issue opens for public subscription and the balance if any, shall be brought in pro rata basis before the calls are made on public.
- e. That the certificates of Equity Shares/refund orders to non-resident Indian applicants shall be dispatched within specified time;
- f. That no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under-subscription, etc.

Utilisation of Issue Proceeds

The Board of Directors of our Company certifies that:

- a. All monies received out of this issue of shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Act;
- b. Details of all monies utilized out of the issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the purpose for which such monies had been utilized; and
- c. Details of all unutilized monies out of the issue of shares, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the Balance Sheet of our Company indicating the form in which such unutilized monies have been invested.

The Board of Directors of our Company further certifies that:

- i. the utilisation of monies received under reservations shall be disclosed under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised.
- ii. the details of all unutilised monies out of the funds received under reservations shall be disclosed under a separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

Our Company undertakes that we shall not access the money raised in the Issue till finalisation of basis of allotment or completion of issue formalities.

SECTION IX - DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION**CAPITAL**

The authorized share capital of the Company is Rs.25,00,00,000 (Rupees Twenty Five crores only) divided into 2,50,00,000 (Two Crores Fifty Lakhs only) equity shares of Rs. 10/- (Rupees Ten only) each.

Pursuant to Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association of the Company are detailed below:

3. “Capital”

The authorized share capital of the Company is Rs.25,00,00,000 (Rupees Twenty Five crores only) divided into 2,50,00,000 (Two Crores Fifty Lakhs only) equity shares of Rs. 10/- (Rupees Ten only) each.

4. Shares under the control of the Board.

Subject to the provisions of the Act and these Articles the shares in the capital of the Company for the time being (including any shares forming part of any increased capital of the company) shall be under the control of the Board who may 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 compliance with the provisions of section 79 of the Act) at a discount and at such times as it may from time to time think fit and proper and, with consent of the general meeting, give to any person the option to call for or be allotted any class of shares of the Company either at par or at a premium or, subject as aforesaid at a discount, such option being exercisable at such times and for such consideration as the Board thinks fit.

5. Power also to Company in General Meeting to issue shares

In addition to and without derogating from the powers for that purpose conferred on the Board under Article 4, the company in general meeting may determine that any share whether forming part of the original capital or of any increased capital of the company shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either at premium or at par or (subject to compliance with the provisions of section 79 of the Act) at a discount, as such general meeting shall determine and with full power to give to any person (whether a member or not) the option to call for or be allotted any class of shares of the Company either at a premium or at par, or (subject to compliance with the provisions of section 79 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such general meeting or the company in general meeting may make any other provision, whatsoever for the issue, allotment or disposal of any shares.

6. Further issue of Capital

The Company in general meeting may from time to time increase its share capital by the creation of further shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, the further shares shall be issued upon such terms and conditions and with such rights and privileges annexed 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, and with a right of voting at general meeting of the Company.

7. Further issue of capital

Where at any 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.

- 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 nearly as circumstances admit, to the capital paid upon those shares at that date;
- b) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time, not being less than fifteen days from the date of the offer, within which the offer if not accepted, will be deemed to have been declined;
- c) After the expiry of the time specified in the notice aforesaid, 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 of them in such manner as they think most beneficial to the Company. Notwithstanding anything contained in clause(a)



of this article, the further shares aforesaid may be offered in any manner whatsoever and to any person or persons, whether or not such person or persons include persons who, at the date of offer, are holders of the equity shares of the Company, if such officers authorised by a special resolution of the company in general meeting.

- d) The board may, as part of stock/share option scheme, may offer to its employees, issue fully paid shares at such prices as board may decide from time to time and subject to the provision of the Act, may also as part of such scheme advance sufficient funds to the officers/employees to enable them to take up and subscribe for such fully paid shares.
11. Except so far as otherwise provided by the condition of issue or by these Articles, any capital raised by the creation of new shares, shall be considered part of the initial capital and shall be subject to the provisions herein contained with reference to the payments of calls, and installments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.
12. (1) The Company shall not have the power to buy its own shares, unless the consequent reduction of capital is effected and sanctioned in accordance with Article 13 and in accordance with Section 100 to 104 or Section 402 or other applicable provisions (if any) of the Act.
- (2) Except to the extent permitted by section 77 or other applicable provisions (if any) of the Act, the Company shall not give whether directly or indirectly and whether by means of a loan, guarantee, the provisions of security or otherwise, any financial assistance for the purchase of, or in connection with the purchase or subscription made or to be made by any person of our for any shares in the Company.
- (3) Nothing in this Article shall affect the right of the Company to redeem any redeemable preference shares issued under these Articles or under section 80 or other relevant provisions (if any) of the Act.

13. Reduction of Capital:

The Company may subject to the provisions of Section 78, 80 and 100 to 105 and other applicable provisions (if any of the Act) from time to time by special resolution reduce its capital and any capital redemption reserve account or any share premium account in any manner for the time being authorised by law, and in particular, capital may be paid off on the footing that it may be called up again or otherwise.

14. Consolidation and division of capital :

The Company may in general meeting alter the conditions of its Memorandum of Association as follows :-

- a) Consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares ;
- b) Sub-divide its shares or any of them into shares of smaller amount so however, that in the sub-division the proportion between the amount paid and 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 the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so canceled. A cancellation of shares in pursuance of this sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.

15. Sale of Fractional shares:

If and whenever as the result as the result of issue of new shares or of any consolidation or sub-division of shares, any shares become held by members in fractions, the Board shall, subject to the provisions of the Act, and the articles and to the directions of the Company in general meeting, if any sell those shares which members hold in fractions for the best price reasonably obtainable and shall pay and distribute to and among the members entitled to such shares in due proportions the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Board may authorise any person to transfer and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings with reference to the sale.

16. Modification of rights :

Whenever the capital, by reason of the issue of preference share 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, affected or abrogated, or dealt with by agreement between the company and any person purporting to contract on behalf of that class provided such agreement is ratified in writing by holders of at least three fourths in nominal value of the issued shares of that class or is confirmed by a resolution passed by the votes of not

less than three fourths of the votes of the holders of shares of that class at a separate general meeting of the holders of shares of that class and all the provisions contained in these Articles as to general meetings shall mutates mitandis apply to every such meeting. This article is not to derogate from any power the Company would have if this article were omitted.

17. Issue of further shares on pari passu basis.

The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not unless otherwise expressly provided by the terms of the issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

18. No issue with disproportionate rights.

The Company shall not issue any shares (not being preference shares) which carry voting right or rights in the company as to dividend, capital or otherwise, which are disproportionate to the rights attached to the holders of other shares (not being preference shares).

SHARES AND CERTIFICATES

19. Register and index of members.

The company shall cause to be kept a register and index of members in accordance with sections 150 and 151 of the Act, and the companies (Issue of Share Certificates) Rules, 1960, and any modification thereof. Every member who changes his name or address shall give notice of the change of name or address to the company.

20. Shares to be numbered progressively.

The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner herein before mentioned no share shall be sub-divided.

21. Directors may allot shares fully paid-up.

Subject to the provisions of the Act, and of these Articles, the Board may allot and issue shares in the capital of the company as payment or part payment for any property sold or transferred goods or machinery supplied or for services rendered to the company either in or about the formation or promotion of the company or the conduct of its business and any shares which may be so allowed may be issued as fully paid-up shares and if so issued, shall be deemed to be fully paid-up shares.

23. Installment on shares

If by the terms of issue of any shares or otherwise the whole or any part of the amount or issue price thereof shall be payable by installments at a fixed time, every such installment shall, when due, be paid to the company by the person who for the time being and from time to time is the registered holder of the shares or by his legal representatives.

24. Acceptance of Shares :

Subject to the provisions of these Articles, any application signed by or on behalf of any applicant for shares in the company followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall, for the purposes of these Articles, be a member.

25. Deposits and calls etc, to be a debt payable immediately

The money (if any), which the Board of Directors shall on the allotment of any shares being made by it, require or direct to be paid by way of deposit, calls or otherwise, in respect of any shares allowed by it, shall immediately on the inscription of the name of the allottee in the Register of Members as the holder of such shares become a debt due to and recoverable by the company from the allottee thereof, and shall be paid by him accordingly.

26. Liability of members

Every member, or is heirs, executors or administrators, shall pay to the company the proportion of the capital represented by his share or shares which may, for the time being remain unpaid thereon, in such amounts at such time or times and in such manner, as the Board of Directors shall from time to time, in accordance with the company's regulations require of fix for the payment thereof.



27. Limitation of time for issue of certificates :

The company shall unless the conditions of issue otherwise provide, within three months after the allotment of any of its shares or debentures and within one month after the application for the transfer of any such shares or debentures complete and have ready for delivery the certificate of all shares and debentures allotted or transferred.

28. Share Certificate.

Every member or allottee of shares shall be entitled with payment, to receive one certificate for all the shares of the same class registered in his name and specifying the name of the person in whose favour it is issued, the share certificate number and the distinctive number(s) of the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letters of acceptance or of renunciation or in cases of issue of bonus shares. Provided that if the letter of allotment is lost or destroyed the Board may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out of pocket expenses incurred by the company in investigating the evidence. If any member shall require additional certificates he shall pay for each additional certificate (not being in the marketable lot) such sum not exceeding one rupee as the Board shall determine. The certificate of title to shares shall be issued under the seal of the company in conformity with the provisions of the Companies (Issue of Share Certificate) Rules, 1960 or any statutory modification or reenactment thereof for the time being in force.

29. Joint allottees or holders

Any two or more joining allottees or holders of shares shall, for purpose of Article 28 be treated as a single member and the certificate for any share, which may be subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them.

30. Renewal of Share certificate.

A certificate of shares may be renewed or a duplicate issued in accordance with the provisions of the Act, and the Companies (Issue of Share Certificate) Rules, 1960, and any modification thereof.

31. The first named joint holder deemed sole holder.

If any share stands, in the name of two or more persons, the person first named in the Register of Members, shall as regards receipt of dividends or bonus or service of notice and/or any other matter connected with the company, except voting at meetings and the transfer of the shares, be deemed the sole holder thereof, but the joint holders 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, and for all incidents thereof according to these articles.

32. Company not bound to recognize any interest in share other than that of registered holder.

1. The company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these presents otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these presents in the person from time to time registered as the holder thereof, but the Board shall be at liberty at its sole discretion to register any share in the joint names of two or more persons or the survivors of them.
2. Save as herein otherwise provided, the company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share as the absolute owner thereof, and accordingly shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognise any benami, trust or other claim or claims or right to or interest in such shares on the part of any other person whether or not it shall have express or implied notice thereof.

33. Declaration by person not holding beneficial interest

- (a) Notwithstanding anything herein contained, a person whose name is at any time entered in the Register of Members of the Company as the holder of a share in the Company, but who does not hold the beneficial interest in such a share, shall, within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such share in the manner provided in Section 187 C of the Act.
- (b) A person who holds a beneficial interest in a share or a class of shares of the Company shall, within the time

prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in section 187 C of the Act.

- (c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, within the time prescribed from the date of such change, make a declaration to the company, in such form and containing such particulars as may be prescribed as provided in Section 187 C of the Act.
- (d) Notwithstanding anything contained in these Articles, where any declaration referred to above is made to the Company, the Company shall make a note of such declaration in the Register of Members and file, with in the time prescribed from the date of declaration, a return in the prescribed form with the Registrar with regard to such declaration.

34. Who may hold shares.

Shares may be registered in the name of any incorporated company or other body corporate but not in the name of a person of unsound mind or in the name of any firm or partnership.

INTEREST OUT OF CAPITAL

37. Interest out of Capital

Where any share are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions contained in Section 208 of the Act, and may charge the same to capital as part of the Cost of construction of the work or building, or the provision of the plant.

CALLS

38. Directors may make calls

The Board of Directors may, from time to time, by a resolution passed at a meeting of the Board (and not by circular resolution) make such call as it may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at a fixed time, and each member shall pay the amount of every call so made on his to the persons and at the times and places appointed by the Board of Directors. A call may be made payable by installments.

39. Call on shares of the same class to be made on uniform basis.

Where any calls for further share capital are made on shares, such calls shall be made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article, shares of the same nominal value on which different amounts have been paid up, shall not be deemed to fall under the same class.

40. Notice of calls.

Fifteen days notice at least of every call payable otherwise than on allotment shall be given by the Company specifying the time and places of payment, and to whom such call shall be paid. Provided that the Board may, at its discretion, revoke the call or postpone it.

41. Calls to date from Resolution

A call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed at the meeting of the Board of Directors, and may be made payable by the members on the Register of Members on a subsequent date to be fixed by the Board.

42. Directors may extend time

The Board of Directors, may from time to time, at its discretion, extend the time for the payment of any call, and may extend such time as to all or any of the members who for residence at a distance or other cause, the Board of Directors may deem fairly entitled to such extension; but no member shall be entitled to such extension save as a matter of grace and favour.



43. Call to carry interest after due date.

If any member fails to pay a call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board of Directors, but nothing in this Article shall render it compulsory upon the Board of Directors to demand or recover any interest from any such member.

44. Call to carry interest after due date.

Subject to the provisions of the Act and these Articles, on the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any debt or any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered, appears entered on the register of members as the holder, at or subsequent to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which it is alleged to have become due, of the shares in respect of which such money is sought to be recovered that the resolution making the calls is duly recorded in the minute book; and that the notice of such call was duly given to the member or his representatives used in pursuance of these presents, and it shall not be necessary to prove the appointment of the Directors who made such call, not that a quorum was present at the Board at which any call was made, not that the meeting at which any call was made was duly convened or constituted not any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

45. Payments in advance of calls may carry interest.

The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums actually called up, and upon the moneys so paid in advance, or upon so much thereof as from time to time and at any time thereafter exceeds the amount of the calls then made and due in respect of the shares on account of which such advances are made, the Company may pay or allow interest at such rates as the member paying the sum in advance and the Board may agree upon, provided always that at any time after the payment of any such moneys so paid in advance it shall be lawful for the Board from time to time to repay such member so much of such money as shall exceed the amount of the calls made upon such shares unless there be an express agreement to the contrary, and after such repayment such member shall be liable to pay and such shares shall be charged with the payment of all further calls as if no such advance had been made. The member making such advance payment shall not, however, be entitled to dividend or to participate in profits or to any voting rights in respect of the moneys so paid by him, until the same would, but for such payment, become presently payable.

FORFEITURE, SURRENDER AND LIEN

46. If call or installment not paid notice may be given

If any member fails to pay any call or installment of a call in respect of any share 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 or installment remains unpaid serve a notice on such member or on the person (if any) entitled to the share by transmission 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.

47. Form of notice

The notice shall name a day (not being earlier than the expiry of fourteen days from the date of service of the notice) and a place or places on and at which such money, including the call installment and such interest and expenses as aforesaid, is to be paid. The notice shall also state that in the event of non-payment on or before the time and at the places appointed, the shares in respect of which the call was made or installment was payable, will be liable to be forfeited.

48. In default of payment shares to be forfeited.

If the requisitions of any such notice as aforesaid are not complied with any share in respect of which the notice has been given may at any time thereafter, before the calls or installments and interest and expenses due in respect thereof are paid, be forfeited by a resolution of the Board to that effect, Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before forfeiture.

49. Notice after forfeiture

When any share shall have been so forfeited notice of the resolution shall be given to the member in 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 of Members provided however that the failure to give the notice of the shares having been forfeited will not in any way invalidate the forfeiture.

50. Forfeited shares to become property of the Company.

Any shares so forfeited shall be deemed to be the property of the Company and the Board may sell, allot or otherwise dispose of the same in such manner as it thinks fit.

51. Power to annual forfeiture

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 as a matter of grace and favour but not as of right, upon such terms and conditions, as it may think fit.

52. Arrears to be paid notwithstanding forfeiture.

Any member whose shares shall have been forfeited shall, notwithstanding the forfeiture, be liable to pay, and shall forthwith pay to the Company all calls, installments, Interest and expenses owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of forfeiture until the payment, at such rate not exceeding fifteen percent per annum as the Board may determine and the Board may endorse the payment of such moneys or any part thereof if it thinks fit, but shall not be under any obligation so to do.

53. Effect of forfeiture

The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demand against the Company, in respect of the share and all other rights incidental to the share except only such of those rights as are by these Articles expressly saved.

54. Proceeds how to be applied.

The net proceeds of any such sale shall be applied in or towards satisfaction of the said debt, liabilities or engagements and the residue (if any) paid to such member, his heirs, executors, administrators or assigns.

55. Certificate of forfeiture

A certificate in writing signed by two Directors and counter-signed by the Managing Director or the Secretary of the Company that the call in respect of a share was made and notice thereof given, and the default in payment of the call was made and that the forfeiture was made by a resolution of the Board to that effect, shall be conclusive evidence of the fact stated therein as against all persons entitled to such share.

56. Title of purchase and allottee

The Company may receive the consideration, if any, given for the share on any sale, allotment or other disposal thereof and may execute transfer of the share in favour of the person to whom the share is sold or disposed of and the person to whom such share is sold, allotted or disposed of may be registered as the holder of the share. Any such purchase or allottee shall not (unless by express agreement to the contrary) be liable to pay any calls, amounts, installments, interest and expenses owing to the Company prior to such purchase or allotment, nor shall he be entitled (unless by express agreement to the contrary) to any of the dividends, interest or bonuses accrued or which might have accrued upon the share before the time of completing such purchase or before such allotment. Such purchaser or allottee shall not be bound to see to the application of the purchase money, of any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings with reference to the forfeiture, sale, allotment or disposal of the share.

57. Partial payment not to preclude forfeiture.

Neither a judgment nor a decree in favour of the Company for calls or other money due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of any such money shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.



58. The provisions of these Articles as to forfeiture to apply in case of non-payment of any sum.

The provisions of these Articles as to forfeiture shall apply to the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

59. Board may accept surrender of shares

The Board may at any time, subject to the provisions of the Act, accept the surrender of any share from or by any member desirous of surrendering the same on such terms as the Board may think fit.

60. Company's lien on shares

The Company shall have a first and paramount lien upon all the share (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing and condition that Article 32 hereof is to have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien if anyone such shares. The Board may at any time declare any share to be wholly or in part exempt from the provisions of this Article.

61. Enforcing lien by sale.

For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as it thinks fit, but no sale shall be made until such time fixed as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member; his heirs, executors, administrators or other legal representatives, as the case may be, and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for seven days after the date of such notice.

62. Application of proceeds of sale.

The net proceeds of any such sale shall be received by the Company and applied in or towards satisfaction of the said debts, liabilities or engagements, and the residue, if any shall be paid to such member, his heirs, executors, administrators or other legal representative as the case may be.

63. Validity of sales in exercise of lien and after forfeiture.

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board of Directors may appoint some person to execute an instrument of transfer of the shares sold and issue the purchase's name to be entered in the register in respect of the shares sold, and the purchase 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 of Members in respect of the shares the 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.

64. Board of Directors may issue new certificates.

Where any share under the powers in that behalf herein contained are sold by the Board of Directors after forfeiture or for enforcing a lien, the certificate or certificates originally issued in respect of the relative share (unless the same shall voluntarily or on demand by the Company, have been previously surrendered to the Company by the defaulting member) stand canceled and become null and void and of no effect and the Board of directors may issue a new certificate or certificates for such shares distinguishing it or them in such manner as it may think fit from the certificate or certificates previously issued in respect of the said shares.

65. Money due from the Company may be set off against money due to the Company.

Any money due from the Company to a member may without the consent and notwithstanding the objection of such member, be applied by the Company in or towards the payment of any money due from him to the Company for calls or otherwise.

TRANSFER AND TRANSMISSION OF SHARES

66. Register of Transfer.

The Company shall keep a book to be called the Register of Transfers and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

67. Execution of Transfer etc.,

Subject to the provisions of the Act, and these Articles, no transfer of shares in, or debentures of the Company shall be registered, unless a proper instruments of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name address and occupation, if any, of the transferee has been delivered to the Company along with the certificate relating to the shares or debentures of if no such certificate is in existence, along with the letter of allotment of the shares or debentures. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in respect thereof. Shares of different classes shall not be included in the same instrument of transfer.

68. Form of Transfer

The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act and any statutory modifications thereof for the time being shall be duly complied with in respect of all transfers of shares and of the registration thereof.

69. The Board may decline to register Transfer

- (1) The Board may, subject to the right of appeal conferred by section III of the Act, at its own, absolute and uncontrolled discretion and without assigning any reason, decline to register or acknowledge any transfer of any shares in the Company to any person of whom it does not approve and in particular, may so decline in any case in which the Company has a lien upon the shares or any of them. The registration of a transfer shall be conclusive evidence of the approval by the Board of the transferee but so far only as regard the share or shares in respect of which the transfer is so registered and not further or other wise and no so as to debar the Board from declining to register any subsequent or other shares applied for in the name of such transferee.
- (2) Registration of a 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 on any account whatsoever except a lien on shares.
- (3) Without prejudice to the foregoing provisions and without limiting in any manner the generality of the above provisions the Board of Directors of the Company, may at its absolute and uncontrolled discretion, refuse to register the transfer of any shares or other securities of the Company in favour of any transferee whether individual, firm, group, constituent of a group, body corporate or bodies corporate under the same management or otherwise and whether in his or its own name or in the name of any other person, if the total nominal value of the shares or other securities intended to be so transferred exceeds or together with the total nominal value of any shares or other securities, already held in the Company by such individual, firm, group, constituent of a group, body corporate or bodies corporate under the same management or otherwise will exceed 3% (three per cent) of the paid up equity share capital of the Company or if the Board of Directors is satisfied that as a result of proposed transfer of any shares or securities or block of shares or securities of the Company a change in the composition of the Board of Directors or change in the controlling interest of the Company is likely to take places and that such change would be prejudicial to the interest s of the Company or to the public interest, For the purpose of this Article, the Board of Directors of the Company shall be entitled, inter alia, to rely upon this Article to form its opinion as to whether such registration of transfer of any of its shares or other securities exceeding 3% (three per cent) of the paid up equity share capital of the Company should be refused or not.

70. No transfer to a person of unsound mind.

No shares shall in any circumstances be allotted or transferred to any insolvent or person of unsound mind.

71. Transfer of shares.

- (1) An application for the registration of a transfer of shares may be made either by the transferor or by the transferee.
- (2) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (3) For the purpose of clause (2) hereof notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.
- (4) If the Company refuses to register the transfer of any share or transmission or fight therein, the Company shall within one month from the date on which the instrument of transfer, or the intimation of transmission as the case may be, was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission as the case may be.



- (5) Nothing in these Articles shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares of the Company has been transmitted by operation of law.

72. Transfer to be left at office as evidence of title.

Every instrument of transfer duly executed and stamped shall be left at the office for registration accompanied by the certificate of the shares to be transferred and such other evidence as the Company may require to prove the title of the transferor or his right to transfer the shares.

73. When transfer to be retained.

All instruments of transfer which are registered shall be retained by the Company, but any instrument of transfer which the Board declines to register shall on demand be returned to the person depositing the same. The Board may cause to be destroyed all transfer deeds lying with the Company after such period not being less than six years as it may determine.

74. Transfer Books when closed.

The Board may after giving not less than seven days previous notice by advertisement as required by section 154 of the Act, close the Register of Members or the Register of Debenture Holders for any period or periods not exceeding in the aggregate, 45 (forty-five) days in each year, but not exceeding 30 days at any one time.

75. Death of one or more joint holders of shares.

In the case of death of any one or more of the persons named in Register of Members as joint shareholders of any share, the survivors shall be the only persons recognised by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estates of a joint shareholder from any liability to the Company on shares held by him jointly with any other person.

76. Title to shares of deceased holder.

Subject to Article 75, the heir, executor or administrator of a deceased shareholder shall be the only person recognised by the Company as having any title to his shares and the Company shall not be bound to recognise such heir, executor or administrator unless such heir, executor or administrator shall have first obtained probate or letters of administration or succession certificate.

77. Transmission of shares.

Subject to the provisions of the Act and these Articles, any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of any member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence as the Board thinks sufficient, either be registered himself as the holder of the share or elect to have some person nominated by him, approved by the Board, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered, he shall testify the election by executing to his nominee an instrument of transfer of the share in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of the share.

78. Board may refuse to transmit.

The Board shall, subject to the provisions of Article 69 hereof, have the same right to refuse to register a person entitled by transmission to any share, or his nominee, as if he were the transferee named in any ordinary transfer presented for registration.

79. Board may require evidence of Transmission.

Every transmission of shares shall be verified in such manner as the Board may require and, if the Board so desires, be accompanied by such evidence as may be thought necessary and the Company may refuse to register any such transmission until the same be so verified or requisite evidence produced or until or unless an indemnity be given to the Company with regard to such registration which the Board at its absolute discretion shall consider sufficient, provided nevertheless, that there shall not be any obligation on the Company or the Board to accept any indemnity.

80. Transfer by legal representative

A transfer of a share in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

81. Certificate of transfer

The certificate by the Company of any instrument of transfer of shares in or debentures of the Company, shall be taken as representation by the Company to any person acting on the faith of the certification that there have been produced to the Company such documents as on the face of them show a prima facie title to the shares or debentures in the transferor named in the instrument of transfer, but not as a representation that the transferor has any title to the shares or debentures.

82. The Company not liable for disregard of a Notice prohibiting registration of a transfer.

The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer or transmission of shares made or purporting to be made by any apparent legal owner thereof as shown or appearing in the Register of Members to the prejudice of persons having or claiming any equitable right, title to or interest in the same shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company, and the Company shall not be bound or required to regard or attend to or to give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

JOINT HOLDERS**83. Board may refuse transfer to more than four names.**

Subject to the provisions of the Act, the Board may refuse to transfer a share or shares in the joining names of more than four persons.

84. Joint holders

Where more than one person is registered as the holder of any share the person first named in the Registrar of Members as one of the Joint holder of a share shall be deemed the sole holder for matters connected with the Company subject to the following and other provisions contained in these Articles :

- (a) The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.
- (b) On the death of any such joint holder the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the shares but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estates of a deceased joint holder from any liability on shares held by him jointly with any other person.
- (c) Any one of the several persons who is registered as joint holder of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such share.
- (d) Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificates relating to such share or to receive documents (which expression shall be deemed to include all documents referred to in these Articles) from the Company and any document served on or sent to such person shall be deemed service on all the joint holders.
- (e) Any one or two or more joint holders may vote at any meeting either personally or by attorney or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such joint holders be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register of Members in respect of such shares shall alone be entitled to vote in respect thereof but the others of the joint holders shall be entitled to be present at the meeting; provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by attorney or by proxy although the name of such joint holder present by an attorney or proxy stands first or higher (as the case may be) in the register in respect of such shares. Several executors or administrators of a deceased member in whose (deceased member's) sole name any share stands shall, for the purpose of this Article be deemed joint holders.



BORROWING POWERS

88. Power to borrow.

Subject to the provisions of section 292 and 293 of the Act, the Board may, from time at its discretion accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

89. Payment of repayment of moneys borrowed.

Subject to the provisions of the previous Article the payment or repayment of moneys borrowed as aforesaid may be secured in such manner and upon such times and conditions in all respects as the Board may think fit and in particular by a resolution passed at a meeting of the Board (and not by circular resolution including by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future), including its uncalled capital for the time being, and debenture-stock and other securities may be assignable free from any equities between the Company and the person to whom the same may be issued.

97. Annual General Meeting

- a. Subject to section 166 of the Act, the Company shall in each year hold in addition to any other meetings a general meeting as its annual general meeting and shall specify the meeting as such in the notice calling it, and not more than fifteen months shall lapse between the date of one annual general meeting of the Company and that of the next, subject however to the right of the Registrar under the Act to extend the time within, which any annual general meeting may be held.
- b. Every annual general meeting shall be called for at a time during business hours on a day that is not a public holiday and shall be held either at the registered office of the Company or at some other places within the city or town or village in which the registered office of the company situated.

100. Calling of Extraordinary General Meeting

The Board may, whenever it thinks fit, call an extraordinary general meeting of the Company and it shall, on the requisition of the holders of not less than one-tenth of the issued capital of the Company upon which all calls or other sums then due have been paid, forthwith proceed to convene an extraordinary general meeting of the Company, and in the case of such requisition the provisions of section 169 of the Act shall apply. No shareholder or shareholders shall call a meeting of the Company except by or upon a requisition as herein provided.

101. Length of Notice for calling meeting

1. A general meeting of the Company may be called by giving not less than twenty-one-days' notice in writing.
2. A general meeting may be called after giving shorter notice than that specified in sub-clause (1) hereof if consent is accorded thereto;
 - i. In case of an annual general meeting, by all the members entitled to vote there at and.
 - ii. In case of any other meeting by members of the Company holding not less than ninety five percent of such part of the paid-up share capital of the Company as gives a right to vote at that meeting.

Provided that where any members of the company are entitled to vote on some resolutions to be moved at the meeting and not on the others, those members shall be taken into account for the purpose of this sub-clause in respect of the former resolution or resolutions and not in respect of the latter.

102. Contents and manner of service of notice and persons on whom it is to be served.

1. Every notice of the meeting of the Company shall specify the places and the day and hour of the meeting, and shall contain a statement of the business to be transacted thereat.
2. Notice of every meeting of the Company shall be given:
 - i. to every member of the Company, in any manner authorised by sub-sections (1) to (4) of section 53 of the Act.
 - ii. to the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in prepaid letter addressed to them by name, or by the titled of representatives of the deceased, or assignee of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or, until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred; and

- iii. to the auditor or auditors for the time being the company in any manner authorised by Section 53 of the Act in the case of any member or members of the Company.
 - iv. Provided that where the notice of a meeting is given by advertising the same in a newspaper circulating in the neighborhood of the registered office of the Company under sub-section(3) of section 53 of the Act, the statement of material facts referred to in section 173 of the Act need not be annexed to the notice as required by that section, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.
- 3. The accidental omission to give notice to or non-receipt of notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting
 - 4. Every notice convening a meeting of the Company shall state that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a member of the company.
105. No general meeting, annual or extraordinary, shall be competent to enter upon, discuss or transact any business which has not been specifically mentioned in the notice upon which it is convened.

VOTE OF MEMBERS

123. Members in arrears not to vote

No member shall be entitled to vote either personally or by proxy at any general meeting or meetings of a class of shareholders either upon a show of hands or upon a poll 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.

124. Number of votes to which members entitled

Subject to the provisions of these Articles and without prejudice to any special privileges or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company, every member not disqualified by the last preceding Article shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands every member present or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company. Provided, how ever, if any preference shareholder be present at any meeting of the Company, save as provided in clause (b) of the sub-section (2) of Section 86, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his preference shares.

125. Casting of votes by a Member entitled to more than one vote

On a poll taken at a meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for 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.

130. Appointment of proxy

Every proxy (whether a member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation, under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any Committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at the meeting.

DIVIDENDS

183. Division of Profits.

The profits of the Company which it shall from time to time determine, subject to the provisions of the Act, to divide in respect of any year or other period, shall be applied first in paying the fixed preferential dividend on the capital paid up on the preference shares if any and secondly in paying a dividend declared for such year or other period on the capital paid up on the equity shares.

184. Amount paid in advance of calls not to be treated as paid up capital

No amount paid or credited as paid on the shares in advance of calls shall be treated as capital paid up on the shares.



185. Apportionment of Dividends.

All dividends shall be apportioned and paid proportionate to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date. Such share rank for dividend accordingly.

186. Declaration of Dividends.

The Company in general meeting may subject to the provisions of the Act declare a dividend to be paid to the members according to their rights and interests in the profits and may fix the time for payment.

187. Restrictions on amount of dividends.

No larger dividends shall be declared than is recommended by the board but the Company in General Meeting may declare a smaller dividend.

188. Dividend out of profits only.

- 1) No dividend shall be payable except out of the profits of the Company arrived at as laid down in the Act.
- 2) The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.

189. Interim Dividends.

The Board of Directors may from time to time pay to the members such interim dividends as in its judgment the position of the Company justifies.

190. Debts may be documented.

The Board may retain any dividends payable on shares on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

191. Dividend and call together.

Any general meeting declaring a 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 may 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.

192. Dividend how paid.

Any general meeting declaring a dividend or bonus may resolve that such dividend be paid wholly or in part by the distribution of specific assets, partly or fully paid shares, or debentures or debenture-stock of the company or in any one or more of such ways and the Board shall give effect to the same and the Board may settle any difficulty in doing so in such manner as it may deem expedient.

193. Effect of Transfer.

A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

194. Retention in certain cases.

The Board may retain the dividends payable upon shares in respect of which any person is under article 77 entitled to become a member or which any person under that article is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

195. No member to receive interest or dividend whilst indebted to the Company and Company's right to reimbursement thereat.

No member shall be entitled to receive payment of any interest or dividend in respect of his own share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any shareholder all sums of money so due, from him to the Company.

196. Payment by post.

Any dividend payment in cash may be paid by cheque or warrant sent through the post directed to the registered address of the shareholder entitled to the payment of the dividend or in the case of joint shareholders to the registered address of

that one whose name stands first on the Register of Members of the joint shareholding, or to such persons and to such address as the shareholder or the joint shareholders may in writing direct. The Company shall not be responsible or liable for any cheque or warrant lost in transit or for any dividend lost to the member of persons entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent recovery thereof by any other means. The Company may, if it thinks fit, call upon the shareholders when applying for dividends or bonus to produce their share certificates at the registered office or other places where the payment of dividend is to be made. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with all the provisions of Section 205-A of the Act in respect of all unclaimed or unpaid dividend.

197. Dividend to be paid within forty two days.

The Company shall pay dividend or send the warrant in respect thereof to the shareholder entitled to the payment of the dividend within forty two days from the date of the declarations of the dividend unless:

- a) the dividend could not be paid by reason of the operation of any law, or;
- b) a shareholder has given directions to the Company regarding the payment of dividend and these directions cannot be complied with, or;
- c) there is a dispute, regarding the right to receive the dividend, or;
- d) the dividend has been lawfully adjusted by the Company against any sum due to it from the shareholder, or;
- e) for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the Company.

198. Capitalisation of reserves.

- a) Any general meeting may, upon the recommendations of the Board, resolves that any moneys, investments or other assets forming part of the undistributed profits of the company standing to the credit of the profit and Loss Account or of the reserve Fund of any capital redemption reserve fund or in the hands of the Company and available for dividend or representing the premium received on the issue of share premium account be capitalized and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalized fund shall not be paid in cash but shall be applied subject to the provisions contained in clause (b) hereof on behalf of such shareholders in full or towards:-
 - 1) paying either at par or at such premium as the resolution may provide any unmissed shares or debentures or debenture-stock of the Company which shall be allotted, distributed and credited as fully paid up to and amongst such members in the proportions aforesaid; or
 - 2) paying up any amounts for the time being remaining unpaid on any shares debentures or debenture-stock held by such members respectively, or
 - 3) paying up partly in the way specified in sub-clause (1) and partly in that specified in sub-clause (2); and that such distribution or payment shall be acceptable by such shareholders in full satisfaction of their interest in the said capitalized sum.
- b)
 - 1) Any moneys, investments or other assets representing premium received on the issue of shares and standing to the credit of share premium account, and,
 - 2) If the Company shall have redeemed any redeemable preference shares, all or any part of any capital redemption fund arising from the redemption of such shares;

May by resolution of the company be applied only in paying up in full for any shares then remaining unmissed to be issued to such members of the Company as the general meeting may resolve upto an amount equal to the nominal amount of the shares so issued.
- c) Any general meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company or any Investments representing the same or any other undistributed profits of the Company not subject to the charge for income-tax be distributed amongst the members on the footing that they receive the same as capital.
- d) For the purpose of giving effect to any such resolution the Board may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as it thinks expedient and in particular it may issue fractional certificates and



may fix the value for distribution of any specific assets and may determine that cash payments be made to any members on the footing of the value so fixed and may vest such cash. Share, debentures, debenture-stock, bonds or other obligations in trustees upon such trust for the persons entitled thereto as may seem expedient to the Board and generally may make such arrangement for acceptance, allotment, and sale of such shares, debentures, debenture-stock, bonds or other obligations and fractional certificates or otherwise as it may think fit.

- e) If an whenever any share becomes held by any member in fraction, the Board may subject to the provisions of the Act, and these Articles and to the directions of the Company in general meeting, if any, sell the shares which members hold in fractional for the best price reasonably obtained and shall pay and distribute to and amongst the members entitled to such shares in due proportion the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Board may authorise any person to transfer the share sold to the purchaser thereof, comprised in any such transfer and the purchaser shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or by invalidity in the proceedings with reference to the sale.
- f) Where required, a proper contract shall be delivered to the Registrar for registration in accordance with section 75 of the Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund and such appointment shall be effective.

DOCUMENTS AND NOTICES

205. Service of documents on members by Company.

- 1) A document or notice may be served by the Company on any member thereof either personally or by sending it by post to him to his registered address or if he has no registered address, in India, the address if any, within India supplied by him to the Company for the giving of notices to him
- 2) Where a document or notice is sent by post:
 - a) Service thereof shall be deemed to be effected by properly addressing, preparing and posting a letter containing the document or the notice, provided that where a member has intimated to the Company in advance that the documents or notices should be sent to him under a certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the member; and
 - b) Such service shall be deemed to have been effected:
 - i. In the case of notice or a meeting at the expiration of forty eight hours after the letter containing the same is posted and
 - ii. In any other case, at the time at which the letter would be delivered in the ordinary course of post.
- 3) A document or notice may be served by the Company on the joint holders of a share by serving it on the joint holder named first in the Register of Members in respect of the share.
- 4) A document or notice may be served by the Company on the persons entitled to a share in consequences of the death or insolvency of a member by sending it though the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased or assigned of the insolvent or by any like description at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied by serving the document or notice in any manner in which it might have been served if the death or insolvency had not occurred.
- 5) A certificate in writing signed by the manager, secretary or other officer or employee of the Company that the notice was properly addressed, prepaid and posted shall be conclusive evidence thereof.
- 6) The signature to any document or notice to be given by the company may be written or printed or lithographed.

206. Service of documents on Company.

A document may be served on the company or an officer thereof by sending it to the company or the officer at the registered office of the company by post under a certificate of posting or by registered post or by leaving it at its registered office.

207. Authentication of documents and proceedings.

Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, Managing Director, the Manager, the Secretary, or other authorised officer of the company and need not be under the Common Seal of the Company.

DEMATERIALISATION OF SHARES

208. Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, as amended from time to time or any statutory modification thereto or enactment thereof.
209. Notwithstanding anything contained in these Articles, the Company shall be entitled to de-materialise its existing securities, rematerialise its securities held in the Depositories and/or offer its fresh securities in a dematerialised form pursuant to the Depositories Act and the rules framed thereunder, if any.
210. Every person subscribing to or holding securities of the Company shall have the option to receive security certificates or to hold the securities with a Depository. If a person opts to hold his security with a Depository, the Company shall intimate such Depository the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottees as the Beneficial Owner of the security.
211. All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners.
212. Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.
213. Every person holding securities of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities, which are held by a Depository.
214. Except as ordered by a Court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or where the name appears as the Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.
215. Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
216. Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
217. If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly.
218. The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.
219. The Company shall, within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.
220. Except as specifically provided in these Articles, the provisions relating provisions 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 so far as they apply to held in physical form subject to the provisions of the Depository Act.
221. The shares in the capital shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner herein before mentioned, no share shall be sub-divided. Every for felted or surrendered share held In material form shall continue to bear the number by which the same was originally distinguished.



222. The Company shall cause to be kept a Register and Index of Members and a Register and Index of Debenture holders in accordance with Sections 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialised forms in (any media as may be permitted by law including in any form of electronic media. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be Register and Index of Members and Register and Index of Debenture- holders, as the case may be, for the purposes of the Act. The Company shall have the power to keep in any state or country outside India, a branch Register of Members resident in that state or country.

BUYBACK OF SHARES

224. The Company may as per Sec 77A, 77AA & 77B purchase its own securities out of free reserves or share-premium account or proceeds of any shares or other specified securities by passing in general meeting as per the provisions of the Act and Rules and Regulations that may be in force from time to time. The Board of Directors shall comply all the provisions of the Act in purchase of companies own securities and authorised to do all such other acts that are required there on.

INDEMNITY

225. Company may Indemnity.

Subject to the provisions of the act, every Director, Manager and other officer or any person (whether officer of the Company or not) employed by the company, or as an auditor, or servant of the company shall be indemnified by the company and it shall be the duty of the Board to pay out of the funds of the company all costs, charges, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or thing done by him as such officer or servant or in any way in the discharge of his duties including expenses and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such director, Manager, Officer or Servant in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 633 of the Act in which relief is granted by the Court.

226. Liability of Officers.

Subject to the provisions of Section 201 of the Act no director, Manager or other officer of the company shall be liable for the acts, receipts, neglects of any other director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the company through the insufficiency or deficiency of title to any property acquired by order of the Board for or on behalf of the company, or for the Insufficiency or deficiency of any security in or upped which any of the moneys of the company shall be invested or for any loss or damage arising from the bankruptcy or insolvency or tortuous act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by error of judgment, omission, default or oversight, on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own dishonesty.

WINDING UP

227. Distribution of assets.

If the company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be so distributed, that, as nearly as may be the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively, and if in a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up, on the shares held by them respectively. But this article is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

228. Secrecy Clause.

No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises or works of the Company without the permission of the Board or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in nature of a trade secret, mystery of trade, secret of process or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Board it would be inexpedient in the interest of the Company to disclose.

229. Secrecy Undertaking.

Every Director, Manager, Auditor, Treasurer, Trustee, Member of Committee, agent, officer, servant, accountant or other person employed in the business of the company shall, when required, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the company with the customers and the state of accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties, except when required so to do by the Board or by any meeting of the shareholders if any or by a Court of Law, or by the person to whom the matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.



SECTION X — OTHER INFORMATION

1. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to in paragraph 'A' below (not being entered into the ordinary course of business carried on or intended to be carried on by our Company or contracts entered into more than two years before the date of this Prospectus) which are or may be deemed to be material have been entered into by or on behalf of our Company. Copies of these contracts together with copies of the documents referred to in Para (B) below have been attached with the Prospectus and would be delivered to the Registrar of Companies, Andhra Pradesh, Hyderabad for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company at 104 -106, Lumbini Enclave, Punjagutta, Hyderabad-500 082, between 10.00 a.m. and 4.00 p.m. on any working day until the date of closing of the subscription list.

A. MATERIAL CONTRACTS

1. MOU dated April 02, 2007 with UTI Securities Limited and our Company.
2. Agreement dated November 11, 2005 with Aarthi Consultants private Limited and our Company.
3. Tri-partite Agreement dated January 13, 2006 between our Company, Registrar to the issue and with NSDL for dematerialization of shares.
4. Tri-partite Agreement dated May 22, 2007 between our Company, Registrar to the issue and with CDSL for dematerialization of shares.

B. DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of our Company.
2. Certificate of Incorporation of our Company dated August 13, 2002.
3. Copy of the resolution passed by our Board of Directors in their meeting held on February 16, 2007 and special resolution passed in the EGM held on March 15, 2007 pursuant to Section 81(1A) of the Companies Act, 1956.
4. Consents from the Directors, Lead Managers, Registrars, Bankers to the issue, Bankers to the company, Auditors, Underwriters, Legal Advisor and Company Secretary to our Company to act in their respective capacities.
5. Auditors Certificate on tax benefits available to our Company and shareholders.
6. Auditors certificate on Sources and Deployment of the Funds incurred on the project dated August 02, 2007.
7. Auditor's Report of our Company referred in the Prospectus.
8. Sanction Letter of Term Loan of Rs.500.00 lakhs dated January 29, 2007 by State Bank of India.
9. Copy of the Technology Transfer agreement dated June 02, 2005 with BIOFIN, Laboratories s.r.l Italy.
10. Copy of the sales and purchase agreement dated September 18, 2004 with Finchimica Spa, Italy.
11. Copy of the agreement September 24, 2004 with M/s Shapoorji Pallonji & Co., Ltd for construction of Building.
12. Letter from BSE dated May 24, 2007 permitting to use their name in the Prospectus and In Principal approval for listing of shares.
13. SEBI Observation letter dated July 18, 2007.
14. Copy of underwriting letters from UTI Securities and Saffron Capital Advisors Private Limited dated September 13, 2007 and Enam Securities Private Limited dated September 11, 2007.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



2. DECLARATION

All the provisions of the Act and the guidelines issued by SEBI and the Government have been complied with and no statement made in this offer document in contrary to the provisions of Act and rules made there under.

We, the Directors of SAAMYA BIOTECH (INDIA) LIMITED declare and confirm that no information/ material likely to have a bearing on the decision of the investors in respect of the equity shares offered in terms of the offer document has been suppressed/ withheld and / or incorporated in a manner that would amount to misstatement/ mis-representation and in the event of its transpiring at any point of time till allotment/ refund, as the case may be, that any information/material has been suppressed/ withheld and / or amounts to mis-statement/ mis-representation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of section 63 of the Act.

The Company accepts no responsibility for statements made otherwise than in the offer document or in the advertisement or any other material issued by or at the instance of the company and that any one placing reliance on any other source of information would be doing so at its own risk.

SIGNED BY ALL DIRECTORS

1. Mr. Chavva Chandrasekhar Reddy, Chairman

2. Dr. Y. Manivardhan Reddy, Managing Director

3. Dr. K. Narayana Reddy, Director (Technical)

4. Dr. Y. Sonia Reddy, Director

5. Dr. Ashok K Sadhukhan, Director

6. Dr. P. Anji Reddy, Director

7. Mr. B. Anand, Director

8. Ms. T.A. Veena, Company Secretary

Places : Hyderabad

Date: 13-09-2007