

**DRAFT PROSPECTUS**

Fixed Price Issue

*(The Draft Prospectus will be updated upon RoC filing)*

(Company Registration No: 24164)

[Incorporated as 'ELYSIUM PHARMACEUTICALS LIMITED' on January 11, 1995 at Ahmedabad under Companies Act 1956.]

**Registered & Corporate Office:** Plot No. 1175, P.O. Dabhasa, Taluka Padra, District: Vadodara-391440 The registered office of the Company was shifted from 5, Amarjyot Shopping Centre, Opp. Indra Complex, Manjalpur, Vadodara-390004 to the present address with effect from 1<sup>st</sup> April, 2005**Tel:** (02662) 223825, 221555 **Fax:** (+02662) 223513. **E-mail:** [krishnan@elysiumpharma.com](mailto:krishnan@elysiumpharma.com) **Website:** [www.elysiumpharma.com](http://www.elysiumpharma.com)**Contact Person: Mr. C.Radhakrishnan, Company Secretary & Compliance Officer**

**INITIAL PUBLIC ISSUE OF 66,98,250 EQUITY SHARES OF Rs. 10/- EACH AT A PREMIUM OF Rs. [.] PER SHARE AT AN ISSUE PRICE IN THE BAND OF Rs.25.00 TO Rs 28.00 FOR CASH AGGREGATING RS. [.] CRORES. (HERE IN AFTER REFERRED TO AS THE ISSUE). THE ISSUE WOULD CONSTITUTE 32.67% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF COMPANY**

**RISK IN RELATION TO FIRST ISSUE**

This being the first issue of the Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10 and the Issue Price is [.] times of the face value. The Issue Price (has been determined and justified by the Lead Manager and the Company as stated under the heading "Basis for issue price") should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this issue. For taking an investment decision, investors must rely on their own examination of the issuer and the issue including the risks involved. The Equity Shares offered in the issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Prospectus. **The attention of the investors is drawn to the statement of Risk Factors appearing on page number ix in the [.] of this Prospectus.**

**COMPANY'S ABSOLUTE RESPONSIBILITY**

'ELYSIUM PHARMACEUTICALS LIMITED' having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regards to ELYSIUM PHARMACEUTICALS LIMITED and the issue, which is material in the context of the issue, that the information contained in the Prospectus is true and correct in all material aspects and is not misleading in any material respects, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omissions of which makes this Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.'

**LISTING ARRANGEMENTS**

The Equity Shares offered through this Prospectus are proposed to be listed on the BSE. The Company has received in-principle approval from the BSE for the listing of Equity Shares pursuant to letter dated [•]. BSE shall be the Designated Stock Exchange.

**IPO GRADING**

**CARE, the rating agency has assigned (\*) grading to the proposed IPO. For details please refer to page no 8 of this draft prospectus.**

**LEAD MANAGERS TO THE ISSUE****REGISTRAR TO THE ISSUE**

 <p><b>CANARA BANK</b> Merchant Banking Division Varma Chambers, No.11, Homji Street Fort, Mumbai-400001 Ph: 022-2267 7405/406 Fax: 022-2267 7404 SEBI Regn. No:INM/000002558 Website:canbank.co.in E-Mail: <a href="mailto:elysium.ipo@canbank.co.in">elysium.ipo@canbank.co.in</a> Website: <a href="http://www.canarabank.com">www.canarabank.com</a> Contact Person :Mr.Vinaykumar Singh</p>	 <p><b>ALLBANK FINANCE LTD</b> Allhabad Bank Building, 37, MumbaiSamachar Marg, Fort, Mumbai 400 023. Ph: 022 22677522 Fax:022 22677522 SEBI Regn. No:INM00006609 Website:allbankfinance.com Email: <a href="mailto:ipo@mum.allbankfinance.com">ipo@mum.allbankfinance.com</a> Contact person:K.Shiv Shankar</p>	 <p><b>INTIME SPECTRUM REGISTRY LIMITED</b> C-13,Pannalal Silk Mills Compound,LBS Marg, Bhandup(West) Mumbai-400078 Ph:022 25960320 Fax:022 25960329 Website: <a href="http://www.intimespectrum.com">www.intimespectrum.com</a> Email: <a href="mailto:epl.ipo@intimespectrum.com">epl.ipo@intimespectrum.com</a> Contact Person: Mr.Sachin Achar</p>
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**ISSUE PROGRAMME**

**ISSUE OPENS ON :** [ . ] **ISSUE CLOSES ON :** [ . ]

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## DEFINITIONS / ABBREVIATIONS

### CONVENTIONAL / GENERAL TERMS

Act	: The Companies Act, 1956 as amended from time to time
AGM	: Annual General Meeting
Articles / AOA	: Articles of Association of ELYSIUM PHARMACEUTICALS LIMITED
Depositories Act	: The Depositories Act, 1996 as amended from time to time
DP	: Depository Participant
FEMA	: Foreign Exchange Management Act, 1999 as amended from time to time and the rules and regulations framed there under
DGFT	: Directorate General of Foreign Trade
FI	: Financial Institution
FII(s)	: Foreign Institutional Investors (s)
Financial Year / Fiscal Year / FY	: The twelve months ended 31st March of a particular year, unless stated otherwise
GOI / Government	: The Government of India
Indian GAAP	Generally Accepted Accounting Policies in India
IT Act	: The Income Tax Act, 1961, as amended from time to time
Memorandum / AOA	: Memorandum and Articles of Association of ELYSIUM PHARMACEUTICALS LIMITED
NRI / Non Resident Indian	: A person resident outside India who is a citizen of India or is person of Indian origin (as defined in Foreign Exchange Management (Deposit) Regulations, 2000)
SCRR	: Securities Contracts (regulation) Rules, 1957 as amended from time to time
SEBI	: Securities and Exchange Board of India
SEBI Act	: Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Guidelines	: Means the existing Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, Constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000

### 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 investor shall apply for the Equity Shares
Bankers to the issue	The Bankers to the issue being XXXXXXXXX
BSE/ NSE -	The Bombay Stock Exchange
Designated Stock Exchange	The Bombay Stock Exchange

“EPL” or “Company” or “ELYSIUM PHARMACEUTICALS LIMITED” or “we” or “us” and “our”	ELYSIUM PHARMACEUTICALS LIMITED, a public limited Company incorporated under the Companies Act, 1956
Issue Opening Date	The date on which the issue opens for subscription
Issue Closing Date	The date on which the issue closes for subscription
Issue Period	The period between the issue Opening Date and issue Closing Date and includes both these dates
Issue Price	The price at which the Equity Shares will be issued by the Company under this Prospectus
Issuer/Company/EPL	Elysium pharmaceuticals Limited
IPO/Issue/Offer	<b>PUBLIC ISSUE OF 66,98,250 EQUITY SHARES OF Rs. 10/- EACH AT A PREMIUM OF Rs. [.] PER SHARE AT AN ISSUE PRICE IN THE BAND OF Rs.25.00 TO Rs.28.00 FOR CASH AGGREGATING RS. [.] CRORES.</b>
Lead Manager/LM	Lead Managers to the issue i.e. CANARA BANK & ALLBANK FINANCE LIMITED
MP	Management Perception
Promoters	Following mentioned are the promoters of the company Mr.Yashwant C.Patel Mr.Navnitkant A.Patel Mrs.Suhasini R.Patel Mr.Mohan P.Patel Mr.Arun A.Vyas
Offer Document/Draft Prospectus	The Prospectus filed with the ROC
Registrar / Registrar to the issue	: Registrar to the issue, in this case being INTIME SPECTRUM REGISTRY LIMITED

#### COMPANY / INDUSTRY RELATED TERMS

Auditors	: The statutory auditors of the Company, O.P. Rathi & Co Chartered Accountants
Board of Directors/Board	: Board of Directors of ELYSIUM PHARMACEUTICALS LIMITED or a Committee thereof
Face Value	: Value of Paid up Capital per Equity Share, in this case being Rs. 10/-
Registered Office / Registered Office of the Company	: Plot No. 1175, P.O. Dabhasa, Taluka Padra, District: Vadodara-391440 (02662) 223825, 223295 Fax: (02662) 223513
ROC	Registrar of Companies, Gujarat, Dadra & Nagar Haveli, situated at GHB Complex, Opp.Rupal Park, Near Ankur Cross Road, Naranpura, Ahmedabad-380013

## ABBREVIATIONS

A/c	: Account
AS	: Accounting Standard issued by the Institute of Chartered Accountants of India
ANDAs	: Abbreviated New Drug Applications
API	: Active Pharmaceutical Ingredients
AY	: Assessment Year
BSE	: The BOMBAY STOCK EXCHANGE LIMITED, Mumbai
CAGR	: Compounded Annualized Growth Rate
Capex	: Capital Expenditure
CDSL	: Central Depository Services ( INDIA) Limited
CENVAT	: Central Value Added Tax
CGMP	: Current Good Manufacturing Practices, as defined by WHO
CLB	: Company Law Board
CRAMS	Contract Research & Manufacturing Services
DCA	: Department of Company Affairs
DGQA	: Defense General Quality Assurance
DIN	Director Identification Number
DMF	Drug Master File
DPCO	Drug price Control Order
EBITDA	: Earnings Before Interest Tax Depreciation and Amortization
EGM	Extra-ordinary General Meeting of our Company
EMS	Exclusive Marketing Rights
EP	European Patent
ETP	Effluent Treatment Plant
EPS	: Earnings Per Share
ESIC	: Employees State Insurance Corporation
EU	European Union
F&D	: Formulation & Development
FDA	: Food and Drug Administrations
FDI	Foreign Direct Investment
FTA	: Free Trade Agreement
GATT	: General Agreement on Tariffs and Trade
HPLC	High pressure Liquid Chromatographer
ICAI	: Institute of Chartered Accountants of India
IDMA	: Indian Drug Manufacturers' Association
ISO	International Standards Organization

IPO	: Initial Public Offering
IPR	Intellectual Property Right(s)
LIBOR	London Inter Bank Offered Rate
MCA	Medicinal Control Agency – UK (Name changed to Medical and Healthcare Products Regulatory Agency “MHRA”)
MCC	: Medical Council of Canada
MD	Managing Director
MF	Mutual fund
MHRA	: Medical & Healthcare Products Regulatory Agency
MRP	Maximum Retail Price
N.A.	: Not Applicable
NAV	: Net Assets Value
NCE	New Chemical Entity
NDA	New Drug Application
NDD	New Drug Discovery
NOC	: No Objection Certificate
NPPA	National Pharmaceuticals Pricing Authority
NR	: Non Resident
NRE Account	: Non-Resident External Account
NRI (s)	: Non-Resident Indian (s) as defined under FEMA
NRO Account	: Non resident Ordinary Account
NSDL	: National Securities Depository Limited
OPPI	Organisation of Pharmaceutical Producers of India
OTC	Over-the-counter
PAN	: Permanent Account Number
PAT	: Profit After Tax
PBDT	: Profit Before Depreciation and Tax
PBIDT	: Profit Before Interest, Depreciation and Tax
PBT	: Profit Before Tax
PCT	Patent Corporation Treaty
P/E Ratio	: Price/Earning Ratio
PLC SYSTEM	Programmable Logic Controller
RBI	: Reserve Bank of India
R&D	: Research and Development
RMS / PMS / FPS	Raw Material Store / Packing Material Store / Finished Product Stores
ROC	: Registrar of Companies, Ahmedabad at Gujarat
RONW	: Return on Net Worth
SE/ Stock Exchange (s)	: The Bombay Stock Exchange
SEBI	: The Securities and Exchange Board of India constituted under the SEBI Act, 1992

Sec.	: Section
SME	Small & Medium Enterprises
SOP	Standard Operating procedures
TGA	: Therapeutic Goods Administration (Australia)
TNW	Tangible Net worth
TPA	Tonnes per annum
TRIPS	Trade Related Aspects Intellectual Property Rights
UIN	: Unique Identification Number
US	: United States of America
USD / \$ / US \$	: United States Dollar
USFDA	United States Food and Drug Administration
VAT	Value Added Tax
WCTL	Working capital term loan
WHO	: World Health Organisation
WHO-GMP	: World Health Organisation – Good Manufacturing Practices
WTO	: World Trade Organization

## DEFINITIONS

**ANDA** (Abbreviated New Drug Application): A regulatory filing to USFDA required by a pharma company to get approval for marketing a generic version of a branded drug whose patent has already expired or is about to expire in the US market. When a company files an ANDA, it is not required to conduct clinical studies to prove the safety and efficacy of the drug instead it only requires proving of bio-equivalence of the generic i.e. the generic product will have the same effect in the body as the original branded drug.

**Authorised Generics:** An arrangement whereby an innovator company ‘authorizes’ another company (usually a generic company) to market the generic version of the innovator’s own patented drug after it loses its patent. The innovator can introduce its own generic version of the off-patent drug even during the 180-day marketing exclusivity period given to other generic companies who were first to file the ANDA for that drug under Para-IV of Waxman Hatch Act in the USA.

**Bio Equivalence (BE):** Two products or formulations containing the same active ingredient are said to be ‘bio equivalent’ if their rates and extents of absorption are the same and if they are equally effective in the treatment of a particular disease or medical condition. ANDA applications for generic drug approval require proof of bio equivalence of the generic drug with the original on-patent drug.

**Biopharmaceuticals: Medicines** produced with the help of biotechnology. They include proteins, antibodies, RNA, DNA etc.

**Biotechnology: Biotechnology** means any technological application that uses biological systems, living organisms, or derivatives thereof, to make or modify products or processes for specific use.

**Blockbuster Drugs:** Drugs with annual global sales of over US\$ 1 bn

**Bulk Drugs/Active Pharmaceutical Ingredients (API):** APIs are active chemicals used for manufacturing pharmaceuticals

**Chronic Therapy:** Therapies for diseases that are long lasting or recurrent, generally associated due to ageing and changes in lifestyles of people. Eg. Diabetes, Arthritis, Cancer, Cardiovascular diseases etc.

**Contract Manufacturing:** In this arrangement, a pharmaceutical company out-sources manufacturing of pharmaceutical products like patented and generic formulations, bulk drugs and drug intermediates to another company who has a manufacturing facility that is approved by the regulatory authorities.

**Drug Efficacy:** 'Efficacy of a drug' indicates whether its therapeutic effect is acceptable or not. 'Acceptable' refers to a consensus that it is at least as good as other available drugs to which it will have ideally been compared to in a clinical trial. **Drug Intermediates:** Chemicals used for the production of bulk drugs/APIs; Raw materials for API production.

**Formulations/Finished Dosage Forms:** The actual medicinal product consumed by the patient and consisting of APIs and other chemicals called Excipients. Drug formulations can have various dosage forms like tablets, capsules, injectibles, gels and ointments etc.

**Generic Drug:** A drug whose patent has already expired.

**In-licensing:** An arrangement between pharma companies whereby one company agrees to market drugs (patented as well as generic) of the other pharma company under its own label and in turn pays a royalty to the later company.

**Innovator Companies:** The company which has developed a new drug and which holds the patent for that drug.

**Lifestyle drugs:** Drugs for the treatment of diseases related to the changes in lifestyles of people and include drugs in the therapeutic segments of Diabetes, Cardiovascular, and CNS etc.

**NDA:** A New Drug Application filed with USFDA by the company after conducting all phases of clinical trials for getting the final approval for production and marketing of the drug in the US market. These drugs if approved by USFDA also get patent exclusivity in the US market.

**NDDS: Novel Drug Delivery System** means an innovative route of administration of a drug into the body.

**Out-licensing:** An arrangement whereby a company having developed lead compounds and new molecules through in-house R&D licenses them to another company which incurs expenditure on carrying out necessary clinical trials and commercialize the new drug in turn paying royalty to the innovator company.

**Loan License arrangement :** It is the licence issued to an applicant who does not have his own arrangement for manufacture but who intends to avail of the manufacturing facilities owned by another licensee. The issuer company has entered into an agreement with M/S Sanofi-aventis for manufacture of its( Aventis pharma ) products under this arrangement.

**1. Third Party Manufacturing**

Involves manufacturing products for other Companies. The manufacturer is responsible for providing manufacturing facilities and sourcing of all materials (raw material and packaging material) required for manufacturing. The manufacturer bills the customer on cost plus profit including excise and VAT.

**2. Ethical Products Manufacturing**

Involves production, marketing and sales of the company's own products.

## SECTION -I

### RISK FACTORS

*Investment in equity shares involves a high degree of risk. You 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. Any of the following risks as well as the other risks and uncertainties discussed in this Prospectus could have a material adverse effect on Company's business, financial condition and results of operations and could cause the trading price of the Equity Shares to decline, which may result in the loss of all or part of your investment.*

#### **CERTAIN CONVENTIONS: USE OF MARKET DATA**

In this Prospectus, the terms “**ELYSIUM PHARMACEUTICALS LIMITED**”, “our Company”, “Company”, “us” and “our”, unless the context otherwise indicates or implies, refers to **ELYSIUM PHARMACEUTICALS LIMITED**, a public limited Company incorporated under the Companies Act 1956.

In this Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word “lac” “lakh” means “one hundred thousand”, the word “million (mn)” means “ten lac”, the word “Crore” means “ten million” and the word “billion (bn)” means “one hundred Crore”. 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, currency figures have been expressed in Rs. Lakhs.

For additional definitions used in this Prospectus, see the section titled “Definitions and Abbreviations” on page no. iii of this Draft Prospectus. In the section titled “Main Provisions of Articles of Association of Company on page no. 151 of this Draft Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

Unless stated otherwise, the financial data in this Draft Prospectus is derived from the Company's financial statements prepared in accordance with Indian accounting practice audited by Company's Statutory Auditors M/s. O.P.Rathi & Co, Chartered Accountants and for the fiscal years 2002-03 to 2006-07 .The Company's fiscal year commences on April 1 and ends on March 31.

All references to “India” contained in this Prospectus are to the Republic of India, all references to the “US” or the “U.S.” or the “USA”, or the “United States” are to the United States of America and all references to “UK” are to the United Kingdom.

#### **Currency of Presentation**

In this Prospectus, all references to “Rs.” or “INR” are to Indian Rupee. All financial data contained in this Prospectus has been rounded off to the nearest Lacs, except stated otherwise. In this Prospectus, any discrepancy in any table between the total and sums of the amount listed are due to rounding off.

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

## FORWARD LOOKING STATEMENTS AND MARKET DATA

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

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company’s expectations with respect to, but not limited to, the Company’s ability to successfully implement its strategy, its growth and expansion, technological changes, its exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and Globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

All forward looking statements are subject to risks, uncertainties and assumptions about the 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 its expectations include but are not limited to:

- General economic and business conditions in India;
- Company’s ability to successfully implement its growth strategy and expansion plans, and to successfully launch various projects for which funds are being raised through this issue;
- Company’s ability to respond to technological changes.
- The loss of its key employees and staff.
- Failure of its distribution network.
- Changes in laws and regulations relating to the Pharmaceutical industry.
- Changes in political and social conditions in India;
- The loss or shutdown of operations of its Company at any times due to strike or labour unrest
- Cyclical or seasonal fluctuations in the operating results
- Amount that the Company is able to realize from the clients,
- Changes in fiscal, economic or political conditions in India
- Manufacturing defects or mechanical problems with Company’s Plant & Machineries or incidents caused by Human error.
- Increasing Competition in the Pharma Industry with specific reference to third party and contract manufacturing of Pharma products.

For further discussion of factors that could cause the Company’s actual results to differ, see the section entitled “Risk Factors” beginning on page no. ix 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 the Company, the Lead Manager or their respective affiliates has any obligation to update or otherwise revise any projections, including revisions, if any, to reflect changes in economic conditions or other circumstances arising after the date hereof or to reflect the occurrence of unanticipated events, even if the underlying assumptions do not come to fruition.

In accordance with SEBI requirements, the Company will ensure that investors are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

### MARKET DATA

Market Data used throughout this prospectus was obtained from internal Company reports and from various news related sites of the same industry. The information contained in this Prospectus has been obtained from sources believed to be reliable, but the accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, the Company believes that the market data used in this prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed to be reliable, have not been verified by any independent source.

## RISK FACTORS (RF) & MANAGEMENT PERCEPTION (MP) THEREOF

### **Risk Envisaged by Management and Management's Proposals to Address the Risks**

An investment in the Company's Equity Shares involves a high degree of risk. The investor(s) should consider carefully the following risk factors in evaluating the Company and its business before making any investment decision. Any projections, forecasts and estimates contained herein are forward looking statements and are based on certain assumptions that the Company considers reasonable. Projections are necessarily speculative in nature and it can be expected that some or all of the assumptions underlying the projections will not materialize or will vary significantly from actual results. Accordingly, the projections are only estimates. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth in the following risk factors and elsewhere in this Offer Document. The Offer Document also includes statistical data regarding pharmaceutical industries. This data was obtained from industry publications and reports that the Company believes to be from reliable sources. The Company or the Lead Manager have not independently verified such data.

### **INTERNAL RISK FACTORS**

**1. The Company is promoted by first generation entrepreneurs and the investors will be subjected to all consequential risk associated with such ventures.**

#### **Management Perception:**

The promoters have an experience of over a decade in the pharmaceutical industry. Also, the Company is supported by a team of professional experts which has enabled it to generate a consistent income in the last several financial years. Over the years the Company has also brought in relevant professionals to handle the key operational areas of the Company.

**2. The Promoter's shareholding, post Issue, shall be about 29%. This may adversely impact the authority of the Promoters regarding the management and control of the affairs of the Company. Promoters may have to depend on other shareholders to determine the outcome of any shareholders resolution.**

#### **Management Perception:**

The Promoters and the promoter's group together hold about 35% of the post issue capital. The public shareholding is expected to be largely scattered and not concentrated in the hands of any single individual / group; the Promoters shall continue to exercise management control on the operations and the business of the Company. Based on the overall shareholding pattern, the Company believes that it will not face such problems in future.

**3. The Company is exposed to the risk of production stoppage due to strike or labour unrest.**

#### **Management Perception:**

The Company in the past had minor labour problems, but none, which posed a threat for complete shutdown. Over the years, the Company has built strong relations with the labour and believes that it will not face any strike or labour unrest, which could affect its operation drastically.

**4. Major part of the company's revenue is generated from third party & contract manufacturing. The Company's revenues / profits may get adversely affected if it does not receive further orders from its clients.**

#### **Management perception:**

The existing clientele of loan licensing & third party manufacturing has been with the Company since several years. The Company has maintained excellent relations with them and hence does not foresee any reason for them to disassociate with the Company. With the proposed MHRA plant the company's manufacturing facilities shall be upgraded to meet WHO standards and the company is hopeful of continuing relationship with the existing customers besides getting new customers. As far as ethical marketing is concerned, the Company has stepped-up its efforts to monitor the sales and marketing in order to enhance its market share.

**5. The Company has a practice of issuing postdated cheques to its creditors towards the payment in a day-to-day business. In a few cases, as the Company could not honour its commitment on due dates it had received notices under section 138 of Negotiable Instrument Act 1881 from the related parties.**

#### **Management Perception**

The Company has taken initiatives to reduce the issuance of Postdated Cheque to its creditors. As on date, there are no pending cases against the company or the Directors of the company under section 138 of NI Act.

**6. The Company's ISO 9002 certification has expired in the year 2004.**

**Management Perception**

The Company also has a valid WHO cGMP certification since 1977. The Company is regularly regulated by the Quality Systems and Procedures under WHO cGMP and Schedule M requirements of the FDA. As the Company's Quality Systems define all norms and critical requirements of ISO Certification, it is therefore not mandatory to renew the ISO Certification. Our present Quality Systems and Quality Policies meet the specifications as prescribed by ISO. Hence the Company has not renewed the ISO 9002 certification, which expired in year 2004.

**7. The project has not been appraised /assessed by any Bank or Financial Institution and hence fund utilization is at the discretion of the Management**

**Management Perception:**

The Company's management has, over the years, gained experience in manufacturing and developing various pharmaceutical formulation products apart from job work & third party manufacturing. The Company has successfully executed all expansion plans undertaken in the past. The cost estimates have been drawn by the management with assistance from a team of experienced professionals within the Company & M/s B. Mehtalia Consultants Pvt. Ltd., Mumbai, who has designed, supervised and erected about 6 MHRA plants in India. The company has also appointed (\*) Bank to monitor the utilisation of issue proceeds

**8. The Company's success depends upon its ability to effectively protect its existing and future products. If it fails to adequately protect its intellectual property, competitors may manufacture and market products under the same Brand Name.**

**Management Perception:**

Most of the products manufactured by the Company, are protected under a registered trademark filed at the Registrar of Trade Marks done by respective License holder Companies under Contract and third party manufacturing. For the ethical products developed and marketed by the Company, the Company will obtain trademarks for the Products, once the products are fully established and the Company gains market share.

**9. The main access to the Registered Office of the company and the manufacturing Plant is through the land holdings belonging to the Promoters. In case of any future dispute/change of Promoters, the Company may have problems of access to the Plant.**

**Management Perception:**

The promoter Sri Y C Patel has unconditionally undertaken to provide uninterrupted access to the movement of personnel, goods and transport from and to the factory / office. He has further undertaken not to dispose off the property without the consent of the company. The Company may not foresee such contingencies. The Company has an alternate access through the small interior lane adjoining the Plant location, on the eastern side.

**10. The Company does not have experience in executing MHRA (UK) certified project.**

**Management Perception:**

Over the years, the Company has gained sufficient know-how to execute the proposed project. The promoter Sri Y C Patel has vast experience in Pharmaceuticals line of business. He is also well versed with the formalities to be observed and standards to be adhered in MHRA projects by virtue of his association with various manufacturers whose products are manufactured at ELYSIUM. He is also ably assisted by Sri K H SHAH, one of the key management personnel of the company who has vast experience in the manufacturing of pharmaceuticals to Standards prescribed by MHRA. Apart from this, the Project cost has been estimated by B. Mehtalia Consultants Pvt. Ltd., Mumbai, who has designed, supervised and erected about 6 MHRA plants in India. Hence, the Company is confident of implementing the MHRA project successfully.

**11. Proposed project is going to be fully funded by the Public issue; any delay in raising funds from the public issue may delay the implementation of the project plan, which may have an adverse impact on the performance of the Company.**

**Management Perception:**

The existing operations of the Company are profitable and the Company shall meet any unforeseen delay in raising the funds through Public issue by temporarily realigning activities and from the internal accruals during the interim period.

**12. The Company has not placed any orders for plant and machinery, furniture & fixtures and other equipments for the project, which is to be financed from the proceeds of the Issue.**

**Management Perception:**

The Company has identified vendors for the plant & machinery/equipment, furniture & fixtures to be purchased and is in a process of receiving quotations from contractors for construction of the building, and will place orders immediately

after receipt of proposed public issue proceeds. For the balance equipments, the Company does not foresee any problem in identifying the suppliers / vendors.

**13. Company has not applied for additional requirement of power to the extent of 150KVA for the Project. Any delay in this sanction will adversely impact its project.**

**Management Perception:**

The Company has sanctioned load of 475KVA from Gujarat Electricity Board for the existing facilities. For the new MHRA Plant, the Company requires 150KVA power. The Company will make necessary applications to Electricity Board at the appropriate time. At present there is surplus power situation in Gujarat and hence the management does not foresee any problem in enhancing the existing power load.

**14. Company has not acquired the required land for the MHRA project as yet; any delay in acquisition of land and Licenses & Compliances For Proposed New Project can have serious impact on the execution of the project.**

**Management perception:**

The Company has identified the land, near the existing plant site for the MHRA project and has entered into Agreement for purchase of 8887 sq.mts for a consideration of Rs 33.33 lacs and has paid an advance of Rs 50000/- on 04 08 2007. The balance is payable on or before 04 02 2008 from the proceeds of the issue. The company does not foresee any delay in securing necessary licenses / approvals for the proposed project.

**15. The Company has not deposited penalties imposed by statutory authorities viz - income tax, and provident fund - as on 31 03 2007 amounting to Rs 80.98 lacs with appropriate authorities. This will lead to additional cash outflow on account of interest, penalty, disallowance of expenses / addition to income etc.,**

**Management Perception:**

The Company has preferred appeals with the concerned authorities in respect of Provident Fund and Income tax for disputed demands. The Management is confident of award in its favour and hence there may not be any outflow of funds. Pls also ref page no. 116 for more details on these dues.

**16. The Company is subject to restrictive covenants in the credit facilities provided to the Company by its lenders. The covenants in borrowings from banks, among other things, requires their approval in respect of issuing new securities (debt or equity), change in management, effecting mergers, consolidations or sales of assets, incurring capital expenditure beyond certain limits, declaring dividends, undertaking major diversification in the business or creating subsidiaries or making certain investments. Some of these borrowings also contain financial covenants, which may limit its ability to borrow additional money.**

**Management perception:**

The restrictive covenants are stipulated by the respective Lending institutions / Banks in the normal course of sanction terms.

**17. For financial year 2003-04 and 2004-05 Company has provided for depreciation at a rate lesser than the rate prescribed in Schedule XIV of the Companies Act, 1956. This may adversely affect the company's distributable profit, since as per the provision of Section 205 of the Companies Act 1956 the Company will not be able to declare a dividend until it provides for full depreciation for past years.**

**Management perception:**

On account of partial utilization of capacity, the Company has not charged full depreciation as per Companies Act, 1956. Required disclosure about the same has been given in the notes to accounts in the Annual Report. **For the financial year 2005-06 and 2006-07, the company has charged as per schedule XIV of the companies Act 1956.**

**18. As per Auditor's report (for the year 2004-05) there is lack of internal control procedures commensurate with size of business with regard to purchase of inventory, fixed assets, and sale of goods. Company may suffer any loss financial or otherwise due to such weak internal control.**

**Management perception:**

The Company has installed Enterprise Resource Planning (ERP) software, which has adequate features to have check and control over the inventories. This enables the Company to have internal control over the purchase of inventories and sale of goods. Company is in a process of updating its Fixed Assets register whereby company will be in a position to have a better control over Fixed Assets check as well.

**19. Auditor has qualified for not complying with Accounting Standard 28 i.e. “ Impairment of Assets “, in view of that profit reflected in financial statement is subject to such loss if any to be accounted for. In absence of detailed calculation made available to auditors, they are unable to express any opinion on the same.**

**Management perception:**

The management opines that there are no external and internal indications as to impairment of assets and hence no provision is required.

**20. Statutory Approvals Pending / pending renewal**

**Approvals for the proposed MHRA project:**

S. NO.	PARTICULARS	STATUS
1.	Approval from Pollution control Board	Company is yet to apply. The same shall be done once the formalities for construction activities commences
2.	Electricity Connection	Company is yet to apply for connection
3.	Sanction of Water Connection	Company proposes to obtain water by digging Bore well
4.	Filing of IEM with Secretariat of Industrial Assistance	Company is yet to comply
5.	Registration under Sales Tax Act	Since the company is existing assessee appropriate steps will be taken for inclusion of the new unit
6.	Registration under Excise Act	Since the company is existing assessee appropriate steps will be taken for inclusion of the new unit
7.	Registration under Service Tax	Appropriate steps will be taken by the Company

**21. Overdraft Facility:**

The company has been sanctioned overdraft facility of Rs. 216.00 Lacs. Which is secured against third party NRNR / FCNR / NRE deposits. The cash flows of the company may be affected if the depositors intend to close the deposits prematurely / or prefer to withdraw the facility

**Management perception**

The management proposes to clear the said borrowing out of the issue proceeds.

**22. Contingent Liabilities not provided for:**

S.No.	Contingent Liabilities	2006-2007	2005-2006
01.	Guarantees given by the Company	45,00,000	45,00,000
02.	Disputed Income Tax Liability	18,21,000	21,31,000
03.	Disputed PF Liability	62,77,222	0.00
04.	Labour Laws	2,90,000	2,90,000
	<b>Total</b>	<b>12888222.00</b>	<b>6921000.00</b>

**Management perception**

Appeals and cases on Serial numbers 2, 3 and 4 are pending with competent authorities. For further details, please ref page no 116 under Outstanding Litigations. The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation that the likelihood of outflow of resources is remote, no provision is made.

**23. RISK ARISING OUT OF OUTSTANDING LITIGATION AGAINST THE COMPANY**

**Income tax Appeals filed by the company, amounting to Rs 18.21 lacs, 15 Cases Filed By The Ex Employees of the Company against the Company Claiming Compensation Of Rs 290000/- For Dismissal Without Legal Enquiry, 1 Case with Contract Labour Board – Ahmedabad regarding stoppage of Contract System by the Company and 4 Gratuity Cases Judicial Magistrate Court are pending settlement. Company may have to incur further tax, interest, and penalty liability on completion of these pending assessment proceedings. The cash flows of the company may be affected if the judgments are against the company.**

### Management Perception

The Company has preferred appeals with Appellate Tribunal for A.Y. 2002-03 and with Commissioner of Income tax (Appeal) for A.Y.2003-04 respectively and is hopeful of getting the order in their favour. Regarding other pending Income Tax Assessment, Company has received notices/intimation under section 143(1)/ 143(3) of Income Tax Act 1961 and assessment are in process.

As regards pending cases, similar cases in the District courts are pending on account of court policy matter on the subject. However, the management is confident that the judgments would be in their favour and hence the cash flow will not be affected.

### 24. The Company has issued shares to the following persons during the last 12 months at a price, which is lower than the proposed issue price

Sl No.	Date of Issue	Name of Person	No. Of Shares	Issue Price per share of face value of Rs 10 each
1.	07-Oct-06	Mr. Gunendra Mehta & Mrs. Romi Mehta	250000	10.00
2.	07-Oct-06	Mr. Yashwant C. Patel	290000	10.00
3.	07-Oct-06	Mrs. Suhasini R. Patel	280000	10.00
4.	07-Oct-06	Mr. Navnitkant A. Patel	280000	10.00
5.	07-Oct-06	Mr. Rahul Gupta	5000	10.00
6.	07-Oct-06	Mr. Raojibhai S. Patel and Mr. Rajnikant R. Patel and Bhavnaben R. Patel	3000	10.00
7.	07-Oct-06	Mr. Raojibhai S. Patel and Mr. Rajendrakumar R. Patel and Kokilaben R. Patel	3000	10.00
8.	20-Apr-07	Mr. Himmatlal S. Patel	11000	10.00
9.	20-Apr-07	Mrs. Manjulaben N. Patel	13500	10.00
10.	20-Apr-07	Mr. Shital N. Patel	17000	10.00
11.	20-Apr-07	Mr. Prafulbhai C. Patel and Mrs. Nalini P. Patel	100000	10.00
12.	20-Apr-07	Mr. Kanak R. Patel and Mrs. Sinali K. Patel	128100	10.00
13.	20-Apr-07	Mr. Yashwant C. Patel	242400	10.00
14.	20-Apr-07	Mrs. Naynisha S. Patel	39050	10.00
15.	20-Apr-07	Mr. Hemant R. Patel and Mrs. Neeta H. Patel	64000	10.00
16.	20-Apr-07	Mr. Navnitkant A. Patel	33000	10.00
17.	20-Apr-07	Mr. Mukundbhai R. Patel	5300	10.00
18.	20-Apr-07	Mrs. Sangita S. Patel	10000	10.00
19.	20-Apr-07	Mrs. Shirin Rita B. Christian	550	10.00
20.	20-Apr-07	Mrs. Mamta A. Vyas and Mr. Arun Vyas	25000	10.00
21.	20-Apr-07	Mr. Mitesh M. Patel	8500	10.00
22.	20-Apr-07	Ms. Alpaben M. Patel	10500	10.00
23.	20-Apr-07	Mr. Mohanbhai P. Patel	14000	10.00
24.	20-Apr-07	Mr. Mukesh P. Shah and Mrs. Jyoti Mukesh Shah	15000	10.00
25.	20-Apr-07	Mr. Kalpen Shukla and Mrs. Gira Shukla	50000	10.00
26.	20-Apr-07	Mrs. Nikita T. Gandhi	25000	10.00
27.	20-Apr-07	Mr. Mohanbhai P. Patel	20000	10.00
28.	20-Apr-07	Mrs. Suhasini R. Patel, Vimlaben T. Patel and Yashwant C. Patel	69000	10.00
29.	20-Apr-07	Mrs. Suhasini R. Patel, Dr. Rajnikant R. Patel and Yashwant C. Patel	52000	10.00

30.	20-Apr-07	Mrs. Suhasini R. Patel and Mr. Yashwant C. Patel	122000	10.00
31.	20-Apr-07	Mrs. Madhuben M. Patel	17000	10.00
32.	20-Apr-07	Master Dilan R. Patel	17150	10.00
33.	23-Jul-07	Mrs. Sushilaben Prem Modi	1000	10.00
		<i>Grand Total...</i>	<i>2221050</i>	

## EXTERNAL RISK FACTORS

### 1. Risk arising out of competition

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

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

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

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

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

Change in government policy of excise (now calculated on the M.R.P.) has a negative impact on the market, especially in Gujarat. According to the Economic times, almost 1500 small-scale units in Gujarat suffered drastically because of the change in policy; with some of the units facing a shutdown. However, the Company, due to its tight control on production economies is being able to sustain the competition pressure

Moreover, tax holidays provided by the State Governments of Himachal Pradesh, Uttaranchal and Jammu & Kashmir (U.T.) have had a negative effect on the sales of Pharmaceutical Companies based else where in India; as the Companies enjoying tax holidays has improved their margins.

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

The Company's cost competitiveness and ability to develop new generation products together with keeping itself abreast with latest technologies is crucial to its future operations and business.

### 4. Risk arising out of Terrorist attacks and other acts of violence

Terrorist attacks and other acts of violence or war involving India or other countries, where the Company exports its products could adversely affect the financial markets, resulting in loss of client confidence, adversely affecting the Company's operations and financial performance.

### 5. Risk arising of volatility of Capital Market

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

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

### 6. Risk in relation to the Company's first Public issue

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

Any sale of shares by the Company's Promoters could cause the price of its shares to decline in the market.

### 7. Natural disasters could disrupt the Company's operations and result in loss of revenues

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

#### Notes to Risk Factors:

1. This Public issue is of 66,98,250 Equity Shares of Face Value of Rs. 10/- each at a price of Rs. [.] per share for Cash aggregating Rs. [.] (Herein after referred to as "this issue".)
2. The investors are advised to refer to 'Basis of Issue Price', on page no. 31 before investing in the Issue.
3. The Net worth of the Company prior to the Issue (as on March 31, 2007) as per the adjusted accounts is Rs **1728.15** Lacs. The Issue Size is Rs [.] lacs.
4. The book value of the Equity shares of the Company as on March 31, 2007 is 13.62 per share.
5. The average cost of acquisition of Equity Shares of the Promoters during last 12 months, of the nominal value of Rs.10/- per share each by the promoters, is as under:

Name of Promoter	Average cost of acquisition Rs.
Mr. Yashwant C. Patel	10.00
Mr. Navnit A. Patel	10.00
Mrs. Suhasini R. Patel	10.00
Mr. Arun A. Vyas	10.00
Mr. Mohanbhai P. Patel	10.00

6. The promoters/directors/key managerial personnel of the Company are interested in the company to the extent of reimbursement of expenses incurred, normal remuneration or benefits, sitting fees and their respective shareholding in the company. The Promoters/Directors/Key Managerial Personnel are not deriving any benefits other than reimbursement of expenses incurred and/or normal remuneration. Please refer interest of Promoters / Directors discussed in this Draft prospectus.

7. The Promoter Group/ Directors of the Company has not purchased and or sold / financed any shares of the Company during the past six months other than as disclosed in the notes to the Capital Structure on page 10

8. The Company has entered into certain related party transactions. The related party transactions cover the financial transactions carried out in the ordinary course of business and/or discharge of contractual obligations. The details of the transactions as certified by the auditors of the Company are as follows:

#### Related parties with whom the company has transaction

Purchase from Related Parties	:Rs. 3,84,045.00
Remuneration paid to Key Management Personnel	:Rs. 18,00,000.00
Interest Paid to Key Management Personnel	:Rs. 7,89,168.00
Interest Paid to Relative of Key Personnel	:Rs. 3,58,736.00
Loan Received from Related Parties	:Rs. 33,000.00
Loan Repayment to Related Parties	:Rs. 33,000.00
Loan Repayment to Key Management Personnel	:Rs. 66,37,764.00
Loan Repayment to Relative of Key Management Personnel	:Rs. 29,89,122.00

9. In the event of the issue being oversubscribed, the allocation shall be on a proportionate basis (refer to "Basis of Allotment") in consultation with the Designated Stock Exchange (BSE).

10. Investors may contact the Lead Manager or the Compliance Officer for any complaint/ clarification/ information pertaining to the issue.

11. Trading in Equity Shares of the Company for all the investors shall be in dematerialized form only.
12. All information shall be made available by the Lead Manager and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
13. The Company has not issued any Bonus Shares
14. Volatility in the foreign exchange rate could adversely affect the cost of the Company's earnings. Hence, the Company carries a potential foreign exchange risk.
15. Substantial business of the company is attributed to loan license and hence the turnover under this head related to conversion charges only. Therefore the loan & license turnover of the company will not be a representative of the MRP turnover.
16. Substantial business of the company is attributed to loan license and hence the turnover under this head related to conversion charges only. Therefore the loan & license turnover of the company will not be a representative of the MRP turnover.
17. Details on Loans & Advances are given on page 105 of this Prospectus

**18. Key Management personnel:**

S.NO	Name	Designation
1.	Mr.Krishnakant H.Shah	President (Operation)
2	Mr. Mohanbhai P. Patel,	Manager-Production & Maintenance and In-charge Personnel & Administraion
3	Mr. Arun Vyas	Chief Financial Officer
4	Mr. Shital N. Patel	Manager-Production Planning and Inventory Control
5	Mr. Suryakant R. Patel,	Manager-Civil and General
6	Mr. R.S. Patel	Manager – Parenterals
7	Mr. M.M. Shah	Manager – Quality Control
8	Mr. K. P. Shah	President – Marketing
9.	Mr. C. Radhakrishnan	Company Secretary

19. Letters of Credit and Bank Guarantees issued by bankers and outstanding on 31<sup>st</sup> March 2007.

S.No.	Particulars	2006-2007	2005-2006
01.	Bank Guarantee	2261286	947108
02.	Letters of Credit	3150000	2026295

## SECTION II- INTRODUCTION

### SUMMARY

The following summary should be read with the section titled 'Risk Factors' beginning on page ix of this prospectus and the more detailed information about the Company and its financial statements included in this prospectus.

#### **Industry**

The sheer size of the regulated pharmaceutical market, which is 85 per cent of the global pharmaceutical market and 67 per cent of the world generics market, necessitates the need to understand and analyze the opportunities that it offers. From the \$72-billion worth drugs expected to go off patent (between 2006 and 2010) and the increasing emphasis by the respective governments in key pockets of the regulated market to reduce healthcare costs, arises the opportunity of increased generic demand. This in turn necessitates the need to study the characteristics, demand drivers, challenges and risks in tapping these markets and the expected demand potential thereof.

It is also necessary to understand the generics landscape and the competitive position of the Indian players and their potential ability to grow/penetrate in the regulated pharmaceuticals markets.

An analysis of the competitiveness of key Indian players vis-à-vis their global counterparts and the aggregate financial performance of the domestic formulation players discussed below:

#### **Sale of drugs going off patent to fuel long-term generics growth**

The regulated generics market is expected to grow by 13.7 per cent between 2005 and 2010 to \$85.7 billion. Growth is expected to be mainly driven by sales post-drugs going off patent between 2006 and 2010, while demand from the existing generics market is expected to grow steadily. The US and the European generics markets are expected to grow at a compounded annual growth rate (CAGR) of 14.7 per cent and 13.5 per cent respectively in the said period.

The growth in the Japanese generics market will be slower than that in the US and European generics markets, due to regulatory issues and poor image of generics in Japan; the market is expected to grow at a CAGR of 8.9 per cent by 2010. The Canadian generics market is expected to grow at a CAGR of 15.3 per cent during the same period.

#### **Competition to remain intense but long-term focus to benefit generics players**

In the US and Europe, competition is expected to continue being intense and the challengers (generic players) are expected to eat into the share of the innovators 70-80 per cent of its value and 80-85 per cent of its volume — within a year post-drugs going off-patent. Thus, a long-term focus on the opportunity arising post-drugs going off-patent is expected to benefit the generics players.

**Teva tops global rating chart; Ranbaxy scores highest among the Indian generics players** CRISIL Research's analysis shows that Teva followed by Sandoz and Watson will occupy a dominant, competitive position among the key global players. Incidentally, all the three players have used the acquisition route in the recent past to improve their dominance. Mylan, Barr and Ranbaxy follow these three global players, while Dr Reddy's lags behind slightly, due to its smaller product basket (stock and product flow).

The Indian generics players have achieved reasonable product strength but will have to focus on building their distribution strength and their future pipeline in order to compete with global players. Ranbaxy leads the key Indian players pursuing the generics market, while Dr Reddy's and Sun Pharma follow.

#### **Favourable turnover growth in 2005-06; large formulation players face pricing pressure**

The turnover of formulation players increased favorably in 2005-06. The key growth drivers included implementation of VAT in Q4 2004-05 (pushed sales in Q1 2005-06), prolonged monsoons, favourable growth in key therapy segments such as cardio vascular system (CVS), central nervous system (CNS) and anti-diabetic, and low base effect (in Q4 due to VAT implementation last year).

#### **Business Overview of M/s Elysium Pharmaceuticals Ltd**

##### **More than 10 years old in existence**

The Company was incorporated as Elysium pharmaceuticalsLtd. in the year 1995 as a formulation unit, situated at Dabhasa, 19 kms. Away from Vadodara city, Gujarat State, India. The Company commenced its manufacturing operations in the year 1997.

The Company is promoted by Mr. Yashwant Patel in 1995. The Company is involved in manufacturing of sterile formulations like Liquid and Dry Parenterals, and non-sterile formulations like Tablets, Capsules, Liquid orals, Ointment, Dry Syrups etc under third party and Contract Manufacturing segment for established Pharma Companies and Produces its own products Viz.drugs under Ethical segment. Elysium is committed to maintain and improve the quality of manufactured products to meet customer satisfaction. The systems and technology are up-graded from time to time, through continuous training & updation. The various areas of training consist of technical as well as general training like quality awareness, communication skills, attitudinal training etc.

The Company has a well-established documented procedure for receiving of raw material, packing and packaging material, its verification and releasing procedures. There are also well documented procedures for materials dispensing, batch manufacturing, assurance of quality through in-process control, batch verification at various

stages (filling, packing), by production and quality assurance, in-process release of batch from quality control & quality assurance and final batch checking and its dispatch to market.

**Track record in Profit making**

The Company has entered into 10<sup>th</sup> year of profitable operation.

**Varied products**

The Company has developed and introduced 21 different products and these products have been registered with the registrar of trademark. The details of these products are disclosed on page 70 of this Prospectus.

**❖ Marketing & Distribution**

Currently, EPL markets its ethical products in the following domestic areas:

- ✓ Seven-sister North-eastern states
- ✓ West Bengal
- ✓ Orissa
- ✓ Bihar
- ✓ Jharkhand
- ✓ Uttar Pradesh
- ✓ Andhra Pradesh
- ✓ Kerala
- ✓ Tamil Nadu
- ✓ Gujarat
- ✓ Jammu and Kashmir

**Some of the major clients of Elysium under Third Party and Contract Pharma include,**

- ✓ Sanofi-aventis (formerly Aventis Pharma), - Loan License
- ✓ Bayer Pharmaceuticals,
- ✓ German Remedies,
- ✓ Asence Inc.,
- ✓ Torrent Pharmaceuticals Ltd.,
- ✓ Zydus Cadila Ltd.,
- ✓ Clariol India
- ✓ Elder Pharmaceuticals Ltd.,
- ✓ Nicholas Piramal Ltd.,

For further details see the section on Business Overview of the prospectus.

**THE ISSUE/ OFFER**

<b>Equity Shares Offered to the Public: Net Offer to Public</b>	66,98,250 Equity Shares of face value of Rs. 10/- each.
<b>Face Value</b>	Rs. 10/-
<b>Issue Price</b>	(●) (Price Band Rs.25-28.]
<b>Equity Shares outstanding Prior to the issue</b>	: 1,38,01,750 Equity Shares
<b>Equity Shares outstanding After the issue</b>	: 2,05,00,000 Equity Shares
<b>Object of the issue</b>	Company intends to deploy the proceeds from the issue (a) For Setting up a MHRA plant. (b) To partially repay existing long term secured debt (c) To meet issue expenses .

### SUMMARY OF FINANCIAL DATA

The following table sets forth selected financial information of our Company derived from its audited financial statements between March 31, 2003 and as on 31.2.2007 all prepared in accordance with Indian GAAP, the Companies Act and SEBI Guidelines and as described in the auditor's report, M/s. O.P. Rathi & Co., Chartered Accountants, included in the section titled 'Financial Information' on page 96 of this Draft Prospectus and should be read in conjunction with those financial statements and the notes thereto. For further discussion of our financial statements please see 'Management Discussion and Analysis of Financial Condition and Results of operation' on page 108 of this Prospectus.

### SUMMARY OF ASSETS AND LIABILITIES AS RESTATED

Particulars		<i>Rs. in Lacs</i>				
		As At 31 <sup>st</sup> March				
		2003	2004	2005	2006	2007
<b>A</b>	<b>Fixed Assets</b>					
	Gross Block (including Capital WIP)	1712.27	1910.31	2174.14	2867.24	3280.24
	Capital WIP	-	27.23	-	-	0.00
	Less: Depreciation	418.43	521.01	637.28	755.87	892.03
	<b>Net Block</b>	<b>1293.84</b>	<b>1416.53</b>	<b>1536.86</b>	<b>2111.37</b>	<b>2388.21</b>
	Investments					
<b>B</b>	<b>Current Assets, Loans and Advances</b>					
	Sundry Debtors	698.74	880.82	775.47	536.86	746.79
	Cash and Bank Balances	5.93	4.19	0.94	0.75	3.87
	Loans and Advances	96.11	122.63	76.78	127.70	268.85
	Deposits	26.79	44.17	32.37	31.67	32.74
	Inventories	609.01	784.52	759.96	711.15	832.79
	<b>Total Current Assets, Loans and Advances</b>	<b>1436.58</b>	<b>1836.33</b>	<b>1645.52</b>	<b>1408.13</b>	<b>1885.04</b>
<b>C</b>	<b>Liabilities and Provisions</b>					
	Secured Loans	1199.63	1420.72	1475.38	1397.99	1386.04
	Unsecured Loans	497.44	587.75	354.45	341.86	114.68
	Deferred Tax Liability	120.78	135.43	146.30	253.82	277.36
	Current Liabilities and Provisions	409.49	605.98	714.95	478.31	656.11
	<b>Total Liabilities and Provisions</b>	<b>2227.34</b>	<b>2749.88</b>	<b>2691.07</b>	<b>2471.98</b>	<b>2434.19</b>
<b>D</b>	<b>NETWORTH</b>	<b>503.08</b>	<b>502.98</b>	<b>491.31</b>	<b>1047.52</b>	<b>1839.06</b>
<b>E</b>	Represented by					
	1. Share Capital	500.00	500.00	500.00	840.00	1269.17
	2. Share Application Money	-	-	-	50.00	110.91
	3. Reserves	<b>156.47</b>	<b>153.31</b>	<b>146.27</b>	<b>333.78</b>	627.55
	Less: Deferred Revenue Expenditure	153.39	150.33	154.96	176.26	168.57
	<b>NETWORTH</b>	<b>503.08</b>	<b>502.98</b>	<b>491.31</b>	<b>1047.52</b>	<b>1839.06</b>

**SUMMARY OF CONSOLIDATED PROFIT AND LOSS ACCOUNT, AS RESTATED**

Particulars	<i>Rs. in lacs</i>				
	<i>As at 31<sup>st</sup> March</i>				
	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
Income from Sales and Services	3054.24	3478.77	2414.37	2062.51	2440.77
Other Income	8.79	5.58	10.46	14.67	27.58
Increase / Decrease in stock of Finished Goods	37.91	-51.19	-86.84	-96.12	28.42
<b>Total Income</b>	<b>3100.94</b>	<b>3433.16</b>	<b>2337.98</b>	<b>1981.06</b>	<b>2496.77</b>
Material Cost	1569.64	1924.35	877.56	604.33	755.81
Power and Fuel	120.16	137.61	159.14	154.87	188.67
Employee Cost	324.63	327.71	381.72	325.40	464.04
Production Overheads	458.81	453.03	277.08	95.21	95.39
<b>Total Direct Expenses</b>	<b>2473.24</b>	<b>2842.70</b>	<b>1695.50</b>	<b>1179.81</b>	<b>1503.91</b>
Administrative Overheads	69.63	61.90	71.31	61.69	90.02
Financial Charges (interest)	224.42	248.21	241.11	200.15	197.07
Marketing Overhead	164.84	156.05	189.69	79.41	120.18
Depreciation	93.17	102.57	116.27	118.58	136.16
<i>Preliminary Expenditure Written off</i>	<i>3.07</i>	<i>3.07</i>	<i>15.03</i>	<i>19.07</i>	<i>19.07</i>
<b>Total Indirect Expenses</b>	<b>555.12</b>	<b>571.80</b>	<b>633.41</b>	<b>478.90</b>	<b>562.50</b>
<b>Total Expenses</b>	<b>3028.36</b>	<b>3414.50</b>	<b>2328.91</b>	<b>1658.71</b>	<b>2066.41</b>
<b>Prior Year Adjustment (Gratuity)</b>					
<b>Profit before taxation</b>	<b>72.58</b>	<b>18.66</b>	<b>9.07</b>	<b>322.36</b>	<b>430.36</b>
Provision for Income Tax	5.71	7.16	5.24	25.38	110.05
Fringe Benefit Tax	0.00	0.00	0.00	2.00	3.00
Provision for Deferred Tax	(34.03)	(14.65)	(10.86)	(107.46)	(23.54)
<b>Net profit / (loss) after taxes</b>	<b>32.84</b>	<b>(3.15)</b>	<b>(7.03)</b>	<b>187.52</b>	<b>293.77</b>

**GENERAL INFORMATION**

**Registered & Corporate Office:**

Plot No. 1175, P.O. Dabhasa, Taluka Padra,

District: Vadodara-391440

**Tel:** (02662) 223825, 223295 **Fax:** (+02662) 223513.

E-mail: [info@elysiumpharma.com](mailto:info@elysiumpharma.com)

Website: [www.elysiumpharma.com](http://www.elysiumpharma.com)

**The registered office of the Company was shifted from 5, Amarjyot Shopping Centre, Opp. Indra Complex, Manjalpur, and Vadodara-390004 to the present address with effect from 1<sup>st</sup> April 2005.**

**Company Registration No: 24164**

**Company Identification No: U24231GJ1995PLC024164**

**Registrar of Companies:**

Gujarat, Dadra&Nagar Haveli, GHB Complex,

Opp.Rupal Park, Near Ankur Cross Road,

Naranpura,

Ahmedabad-380013

**BOARD OF DIRECTORS OF THE COMPANY:**

Board of Directors of the Company comprises of the following Members:

	<b>Name</b>	<b>Designation</b>
1.	Mr. Yashwant Chunibhai Patel	Promoter and Managing Director
2.	Mr. Navnitkant Ambalal Patel	Promoter Director
3.	Mrs. Suhasini Rajnikant Patel	Promoter Director
4.	Mr. Vithal S. Patel	Independent Director
5.	Dr. Mukund L. Abhyankar	Independent Director
6.	Mr. Ashok Kumar V Patel	Independent Director

**Mr. Yashwant Chunibhai Patel:**

Mr. Yashwant Chunibhai Patel, Chairman & Managing Director, aged 54 years is Chief Executive officer of the Company. He looks after the day-to-day management of the Company. He is associated with the Company since its inception. The existing state of art plant is a creation & imagination of Mr. Yashwant C. Patel. Under his leadership, Company has set up the existing manufacturing unit at Dabhasa, Tal. Padra 19 kms. away from, Vadodara, Gujarat.

**Mr. Navnitkant Ambalal Patel:**

Mr. Navnitkant Ambalal Patel, Director aged 64 years has been director since inception and is responsible for successful execution of all the projects undertaken by the Company. He has vast experience in the pharmaceutical industry in implementation of projects and has served in senior management cadre for number of years. A techno-entrepreneur, he personally involves himself in the projects to ensure highest quality service to clients. He was instrumental in implementation of initial launch of manufacturing project.

**Ms. Suhasini Rajnikant Patel:**

Ms. Suhasini Rajnikant Patel Director, aged 59 has been associated with the Company since its inception. She has worked in the various department of the Company. Presently she is looking after the marketing & distribution of ethical products of the Company. Under her Supervision Company could manage to expand the marketing reach & increase in distribution with the successful recovery of amount due from customers.

**Mr. Vithal S. Patel**

Mr V. S. Patel is a B. Sc (Tech) in Pharmaceuticals and Fine Chemicals, from Department of Chemical Technology, University of Bombay. He is also a B. Sc. in Chemistry (First Class First) from Vithalbhai Patel Mahavidyalay. He has rich and diverse experience in many companies like Buro Pharma, FDA Department, Cadila Laboratories and Torrent Pharmaceuticals. He then started providing independent consulting in association with M/s B. Mehtalia Consultants Pvt. Ltd, Mumbai and to develop several projects, including ELYSIUM PHARMACEUTICALS LIMITED.

**Dr. M. L. Abhayankar**

Dr. M. L. Abhayankar is an M.A. in Economics and has also completed his LLB. He also done a Ph.D. in Business Administration; his thesis was on ‘Selection and Recruitment Procedures in Selected Industries’. Presently he is the Chairman of Cosmos Co-operative Bank. Pune. He is an Independent Director in the company.

**Mr. Ashok kumar V Patel**

Mr.Ashokkumar Patel, aged about 51 years is a graduate in BA (Economics and History) from SPU, Vallabh Vidyanagar, Anand, and Gujarat. He was involved in a family business of tiles and engineering works. He joined the Boriavi People’s Co-operative Bank in the year 1977 and became the Managing Director from 1989. He is the Chairman of the Bank from 1999 onwards. Mr. Patel is also a member of the Governing Body of Boriavi Nagar Vikas mandal for the last 15 years. Boriavi nagar Vikas Mandal manages a General Hospital in Boriavi. He has also joined Elysium Pharmaceuticals Ltd., as an independent Director from year 2007.

**COMPANY SECRETARY AND COMPLIANCE OFFICER**

**Mr. C.Radhakrishnan**

Elysium pharmaceuticals Limited  
 Registered & Corporate Office: Plot No. 1175,  
 P.O. Dabhasa, Taluka Padra, District: Vadodara-391440  
 Tel:(02662) 223825, 223295 Fax: (+02662) 223513.  
 E mail: krishnan @elysiumpharma.com  
 Website: [www.elysiumpharma.com](http://www.elysiumpharma.com)

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

**LEAD MANAGERS**

<p><b>CANARA BANK</b>          Merchant Banking Division          Varma Chambers, No.11,          Homji Street          Fort, Mumbai-400001          Ph: 022-2267 7405/406          Fax: 022-2267 7404          SEBI Regn. No:INM/000002558          Website:canbank.co.in          E-Mail: elysium.ipo@canbank.co.in          Website: <a href="http://www.canarabank.com">www.canarabank.com</a>          Contact Person :Mr.Vinaykumar Singh</p>	<p><b>ALLBANK FINANCE LTD</b>          Allhabad Bank Building,          37, MumbaiSamachar Marg,          Fort, Mumbai 400 023.          Ph: 022 22677522          Fax:022 22677522          SEBI Regn. No:INM00006609          Website:allbankfinance.com          Email: <a href="mailto:ipo@mum.allahabadbank.co.in">ipo@mum.allahabadbank.co.in</a>          Contact person: K.Shiv Shankar</p>
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**BANKERS TO THE COMPANY**

<p><b>State Bank of India</b>          Special Commercial Branch          2<sup>nd</sup> floor, Trident Complex,          Opp GERI, Near Race Course,          Vadodara- 390017, Gujarat Tel.:          0265-2310756, 2310755,          Fax: 0265-2310654          Contact Person:          Mr. C R Gunashekhar          Email:  <a href="mailto:agm.04086@sbi.co.in">agm.04086@sbi.co.in</a>          Website: <a href="http://www.statebankofindia.com">www.statebankofindia.com</a></p>	<p><b>The Bank of Rajasthan Ltd</b>          Premier Chambers,          R.C. Dutt Road,          Alkapuri, Vadodara- 390007. Gujarat          Tel.:0265-3245569, 3250674          Fax: 0265-PP (2337580)          Contact Person:          Mr. J K Jain          Email: <a href="mailto:managerbaroda@rajbank.com">managerbaroda@rajbank.com</a>          Website: <a href="http://www.bankofrajasthan.com">www.bankofrajasthan.com</a></p>	<p><b>AXIS Bank Ltd.</b>          Opp. GEB, Near Pizza Hut,          Race Course Circle (North),          Vadodara. Gujarat          Tel No: 0265 2311 613, 6690701          Fax No.: +91 0265 2351 185          Contact Person:          Mr. Santosh Kumar Bajpai          Email:  <a href="mailto:santoshkumarbajpai@axisbank.co.in">santoshkumarbajpai@axisbank.co.in</a>          Website: <a href="http://www.bankofrajasthan.com">www.bankofrajasthan.com</a></p>
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**REGISTRAR TO THE ISSUE****M/s. Intime Spectrum Registry Limited**

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (West),

Mumbai 400 078

Tel.: +91 22 5555 5454

Fax: +91 22 5555 5353

Contact Person: Mr.Sachin Achar

Email: [epl.ipo@intimespectrum.com](mailto:epl.ipo@intimespectrum.com)

Website: [www.intimespectrum.com](http://www.intimespectrum.com)

**BANKER TO THE ISSUE**

Will be appointed in due course, before opening of the Issue

**STATUTORY AUDITORS****M/s O. P. Rathi & Co**

Chartered Accountants

208, World Trade Centre,

Sayjigunj, Vadodara – 390 005

Gujarat

Tel: + 91 265 236 3067, 552 3067

Fax:+ 91 265 236 2307

Email: [vineet.rathi@oprathi.in](mailto:vineet.rathi@oprathi.in)

**INTERNAL AUDITORS****Rinkoo J.Hirwani**

309-A Corner Point,

Behind Hotel Express,

Alkapuri, Vadodara 390 020

Contact Person: Mr.Rinkoo J.Hirwani

Mobile: +91 94263 36591

Email: [rinku\\_hirwani@yahoo.com](mailto:rinku_hirwani@yahoo.com)

**BROKERS TO THE ISSUE**

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

**CREDIT RATING**

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

**TRUSTEES**

As this is an issue of Equity shares the, appointment of trustee is not required.

**IPO GRADING****Credit Analysis & Research Limited (CARE)**

307, Iscon Mall, Satellite

Ahmedabad

Tele Fax: (079) 66311821-22

Contact Person: Deepak Prajapati

M/s CARE, the rating Agency has awarded [.] grading for the Issue indicating [.] The rational shall be included at the time of filing the Prospectus with ROC.

**MONITORING AGENCY**

In terms of Clause 8.17 of the SEBI DIP Guidelines, 2000, there is no requirement of Monitoring Agency. However, the company shall appoint [.] to monitor the utilization of funds. Besides, the board will also monitor the utilization of the proceeds of the issue. The company has set up Audit Committee comprising of non-executive and independent directors who have been entrusted with the responsibility of monitoring the use of issue

proceeds. The company will disclose with utilization of the proceeds of the issue under a separate head a separate head in the Balance Sheet clearly specifying the purpose for which such proceeds have utilized. It shall also, in its Balance Sheet, provide details, if any, in relation to all such proceeds have not been utilized thereby also indicating investment if any, such unutilized proceeds of the issue.

#### **APPRAISING AGENCY**

The project for which the funds are being raised has not been appraised by any agency.

#### **UNDERWRITING**

Underwriting being optional the Company does not propose to underwrite the issue.

#### **INTERSE ALLOCATION OF RESPONSIBILITES**

The following table sets forth the distribution of responsibility and coordination for various activities amongst the Lead Managers:

<b>Sr. No</b>	<b>Activities</b>	<b>Responsibility</b>	<b>Coordinator</b>
1)	Capital Structuring with the relative components and formalities such as composition of debt and equity, type of instruments.	Canara Bank All BankFin	Canara Bank
2)	Due diligence of the company's operations/ management/business plans/legal etc.	Canara Bank Allbank Fin	Canara Bank
3)	Drafting & Design of Offer Document and of statutory advertisement including memorandum containing salient features of the Prospectus. The designated Lead Manager shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI.	Canara Bank Allbank Fin	Canara Bank
4)	Drafting and approval of Issue and statutory publicity material, etc.	Canara Bank Allbank Fin	Canara Bank
5)	Drafting and approval of all corporate advertisement, brochure and other publicity material	Canara Bank Allbank Fin	Canara Bank
6)	Appointment of Registrar, Bankers and Ad agency and Printers	Canara Bank Allbank Fin	Canara Bank
7)	Marketing of the Issue, which will cover inter alia, Formulating-marketing strategies, preparation of publicity budget Finalize Media & PR strategy Finalizing centers for holding conferences for brokers, etc. Selection of Bankers to Issue, Finalize collection centers. Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material.	Canara Bank Allbank Fin	Canara Bank
8)	Post Issue activities including follow up with the Bankers to issue, co-ordination with Registrar and Banks.	Allbank Fin Canara Bank	Allbank Fin
9)	The Post Issue activities of the Issue will involve essential follow up steps, which must include finalization of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refund business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the issuer company.	Allbank Fin Canara Bank	Allbank Fin

## CAPITAL STRUCTURE

The share capital structure of our Company as on the date of filing of this Prospectus with SEBI is as set forth below:

No of Shares	Aggregate Value Nominal Value	Aggregate value at issue price
<b>(Rs.)</b>		
<b>A. AUTHORISED CAPITAL</b>		
2,20,00,000 Equity Shares of Rs.10/- each	<b>22,00,00,000</b>	
<b>B. ISSUED SUBSCRIBED AND PAID UP CAPITAL</b>		
1,38,01,750 Equity Shares of Rs.10/- each	<b>13,80,17,500</b>	
<b>C. PRESENT ISSUE- PUBLIC ISSUE OF</b>		
66,98,250 Equity Shares of Rs.10/- each at a premium of Rs. [.] per share	<b>6,69,82,500</b>	<b>[●]</b>
<b>D. PAID UP CAPITAL AFTER THE ISSUE</b>		
2,05,00,000 Equity Shares of Rs.10/- each	<b>20,50,00,000</b>	<b>[●]</b>
<b>E. SHARE PREMIUM ACCOUNT</b>		
Before the issue		<b>Nil</b>
After the issue		<b>[●]</b>

### DETAILS OF INCREASE IN AUTHORISED CAPITAL

Date	Authorised Capital	Face Value (Rs.)	No of Shares	Meeting at which Resolution for increase passed
Incorporation	INR 100 Lacs	10	1,00,00,000	Incorporation
25/04/1995	From INR 100 Lacs to INR 300 Lacs	10	3,00,00,000	EGM dated 25/4/1995
07/08/1999	From INR 300 Lacs to INR 500 Lacs	10	5,00,00,000	EGM dated 7/8/1999
31/03/2005	From INR 500 Lacs to INR 1000 Lacs	10	10,00,00,000	EGM dated 31/3/2005
21/6/2006	From INR 1000 Lacs to INR 2000 Lacs	10	20,00,00,000	12 <sup>th</sup> AGM dated 21/6/2006
30/07/2007	From INR 2000 Lacs to INR 2200 Lacs	10	22,00,00,000	EGM dated 30 <sup>th</sup> July 2007

**NOTES FORMING PART OF THE CAPITAL STRUCTURE**
**1.The Share Capital History Of The Company Is As Follows:**

<b>Date of Allotment #</b>	<b>No of Shares</b>	<b>Cumulative Total Shares</b>	<b>Face Value (Rs.)</b>	<b>Issue Price (Rs.)</b>	<b>Cumulative Paid Capital</b>	<b>Nature of payment of Consideration</b>	<b>Allocated to</b>
Incorporation	10,000	10,000	10	10	1,00,000	Cash	Promoters
07/01/1996	13,29,600	13,39,600	10	10	1,33,96,000	Cash	Promoter & relative
01/07/1996	4,95,800	18,35,400	10	10	1,83,54,000	Cash	Promoter & relative
01/11/1996	10,50,000	28,85,400	10	10	2,88,54,000	Cash	Promoter & relative
07/09/1999	3,70,000	32,55,400	10	10	3,25,54,000	Cash	Promoter & relative
01/04/2000	10,00,000	42,55,400	10	10	4,25,54,000	Cash	Promoter & relative
15/03/2001	7,44,600	50,00,000	10	10	5,00,00,000	Cash	Promoter & relative, & employee
21/05/2005	14,00,000	64,00,000	10	10	6,40,00,000	Cash	Preferential allotment to public
27/07/2005	20,00,000	84,00,000	10	10	8,40,00,000	Cash	Preferential allotment to corporate body
10 08 2006	31,80,700	115,80,700	10	10	11,58,07,000	Cash	To Strategic Investors
07 10 2006	11,11,000	126,91,700	10	10	12,69,17,000	Cash	Promoters & Relatives
20 04 2007	11,09,050	138,00,750	10	10	13,80,07,500	Cash	Promoters & Relatives
23 07 2007	1,000	138,01,750	10	10	13,81,17,500	Cash	Friends
<b>Present Issue</b>	<b>66,98,250</b>	<b>2,05,00,000</b>	<b>10</b>	<b>[.]</b>	<b>20,50,00,000</b>		<b>Present Public Issue</b>

## 2. Promoters Capital build up :

Name	Allotment / Transferred Date	Nature of payment	No. of Shares	Issue price ( Face value of each share Rs 10
Yashwant C. Patel	11.01.1995	Cash	2500	Rs 10
	15.03.2006	Cash	102210	Rs 10
	07.01.1996	Cash	436950	Rs 10
	01.07.1996	Cash	10050	Rs 10
	01.11.1996	Cash	285570	Rs 10
	04.04.2000	Cash	25000	Rs 10
	20.04.2006	Cash	15000	Rs 10
	26.07.2006	Cash	179000	Rs 10
	18.07.2007	Cash	222050	Rs 10
	20.04.2007	Cash	378400	Rs 10
Sub total			1656730	Rs 10
Yashwant C. Patel and Alka A. Patel	15.11.2005	Cash	20000	Rs 10
Sub total			20000	Rs 10
Yashwant C. Patel and Kamlesh A. Patel	31.12.2005	Cash	5000	Rs 10
Sub total			5000	Rs 10
Yashwant C. Patel and Kanak C. Patel	15.11.2005	Cash	100000	Rs 10
Sub total		Cash	100000	Rs 10
Yashwant C. Patel and Meenakshiben R. Patel	15.03.2006	Cash	5000	Rs 10
	15.11.2005		10000	Rs 10
Sub total			15000	Rs 10
Yashwant C. Patel and Prabhudas I. Patel	31.12.2005	Cash	60000	Rs 10
Sub total			60000	Rs 10
Yashwant C. Patel and Pravina Navin Patel	15.11.2005	Cash	100000	Rs 10
Sub total			100000	Rs 10
Yashwant C. Patel and Purnima Y. Patel	15.03.2006	Cash	300850	Rs 10
Sub total			300850	Rs 10
Yashwant C. Patel and Rameshbhai G. Patel	15.03.2006	Cash	35000	Rs 10
		Cash	35000	Rs 10
Yashwant C. Patel and Ranjan G. Patel	15.11.2005	Cash	75000	Rs 10
Sub total			75000	Rs 10
Yashwant C. Patel and Shivani Y. Patel	01.10.2005	Cash	144980	Rs 10
Sub total			144980	Rs 10
Yashwant C. Patel and Yogina A. Patel	15.11.2005	Cash	50000	Rs 10
Sub total			50000	
<b>Total Share holding of Mr. Yashwant C. Patel</b>			<b>2562560</b>	Rs 10
Suhasini R. Patel	11.01.1995	Cash	2500	Rs 10
	15.03.2006	Cash	4500	Rs 10
	01.11.1996	Cash	20000	Rs 10
	07.09.1999	Cash	31460	Rs 10
	01.04.2000	Cash	100000	Rs 10

	15.03.2001	Cash	20000	Rs 10
	26.07.2006	Cash	108050	Rs 10
	20.04.2007	Cash	146950	Rs 10
	18.07.2007	Cash	70000	Rs 10
Sub total			503460	Rs 10
Suhasini R. Patel and Amrutbhai P. Patel	15.03.2006	Cash	20000	Rs 10
Sub total			20000	Rs 10
Suhasini R. Patel and Anuj R. Patel	15.03.2006	Cash	174290	Rs 10
Sub total			174290	Rs 10
Suhasini R. Patel and Daya Suresh Patel	01.10.2005	Cash	80450	Rs 10
Sub total			80450	Rs 10
Suhasini R. Patel and Dr. Rajnikant R. Patel	15.03.2006	Cash	185525	Rs 10
Sub total			185525	Rs 10
Suhasini R. Patel and Hemaben P. Patel	15.03.2006	Cash	20000	Rs 10
Sub total			20000	Rs 10
Suhasini R. Patel and Kantaben R. Patel	15.03.2006	Cash	26000	Rs 10
Sub total			26000	Rs 10
Suhasini R. Patel and Mr. Yashwant C. Patel	20.04.2007	Cash	122000	Rs 10
Sub total			122000	Rs 10
Suhasini R. Patel and Niraj R. Patel	01.10.2005	Cash	132025	Rs 10
Sub total			132025	Rs 10
Suhasini R. Patel and Purshottamdas B. Patel	01.10.2005	Cash	95000	Rs 10
Sub total			95000	Rs 10
Suhasini R. Patel, Dr. Rajnikant R. Patel and Yashwant C. Patel	20.04.2007	Cash	52000	Rs 10
Sub total			52000	Rs 10
Suhasini R. Patel, Vimlaben T. Patel and Yashwant C. Patel	20.04.2007	Cash	69000	Rs 10
Sub total			69000	Rs 10
<b>Total share holding of Mrs Suhasini R.Patel</b>			<b>1479750</b>	
Navnit A. Patel	11.01.1995	Cash	2500	Rs 10
	07.01.1996	Cash	267500	Rs 10
	01.07.1996	Cash	72050	Rs 10
	01.11.1996	Cash	30000	Rs 10
	07.09.1999	Cash	79100	Rs 10
	15.03.2006	Cash	90300	Rs 10
	26.07.2006	Cash	115500	Rs 10
	20.04.2007	Cash	196000	Rs 10
	18.07.2007	Cash	51500	Rs 10
Sub total			904450	Rs 10
Navnit A. Patel and Manjulaben N. Patel	15.03.2006	Cash	82500	Rs 10
Sub total		Cash	82500	Rs 10
Navnit A. Patel and Mr. Kanak R. Patel and Mrs. Sinal K. Patel	18.07.2007	Cash	128100	Rs 10
Sub total			128100	Rs 10
Navnit A. Patel and Sangita S. Patel	05.11.2005	Cash	70500	Rs 10
	15.03.2006	Cash	5000	Rs 10

Sub total		Cash	75500	Rs 10
Navnit A. Patel and Shital N. Patel	15.03.2006	Cash	236000	Rs 10
<b>Total share holding of Mr Navnit A. Patel</b>			<b>1426550</b>	
Sub total		Cash	236000	Rs 10
Mohanbhai P. Patel	11.01.1995	Cash	500	Rs 10
	07.01.1996	Cash	2500	Rs 10
	01.07.1996	Cash	18500	Rs 10
	01.11.1996	Cash	5000	Rs 10
	07.09.1999	Cash	20000	Rs 10
	01.04.2000	Cash	30000	Rs 10
	15.03.2001	Cash	20000	Rs 10
	26.07.2006	Cash	8000	Rs 10
	20.04.2007	Cash	100500	Rs 10
	18.07.2007	Cash	98000	Rs 10
Sub total			303000	Rs 10
Mohanbhai P. Patel and Madhuben M. Patel	15.03.2006	Cash	32000	Rs 10
Sub total			32000	Rs 10
<b>Total share holding of Mr. Mohanbhai P. Patel</b>			<b>335000</b>	
Arun A. Vyas	01.04.2000	Cash	40000	Rs 10
	15.03.2001	Cash	80000	Rs 10
	18.07.2007	Cash	77000	Rs 10
<b>Total share holding of Mr Arun A. Vyas</b>			<b>197000</b>	Rs 10
<b>Total Share holding of the Promoters</b>			<b>6000860</b>	

### 3.Details of Promoters' Contribution locked in for three years:

Pursuant to SEBI Guidelines an aggregate of 20% of the post issue capital of the company held by the promoters shall be locked in for a period of three years from the date of allotment in the issue. The details of such lock in are given below.

Name of the promoter	Date of allotment	Consideration	No. Of shares	Face value of shares	Issue price
Mr. Yashwant C. Patel	On various dates	Cash	1962110	Rs 10	Rs 10
Mrs. Suhasini R. Patel	On various dates	Cash	1019800	Rs 10	Rs 10
Mr. Navnit A. Patel	On various dates	Cash	1050950	Rs 10	Rs 10
Mr. Mohanbhai P. Patel	On various dates	Cash	136500	Rs 10	Rs 10
Mr. Arun Vyas	On various dates	Cash	60000	Rs 10	Rs 10
<b>TOTAL</b>			<b>4229360</b>		
<b>Proposed Post issue capital</b>			<b>20500000</b>		
<b>% Of lock in shares to the post issue capital</b>			<b>20.63%</b>		

- All the shares, which have been locked in above, have been made fully paid up on the date of allotment. The lock in period shall commence from the date of allotment of shares in the public issue. The last date of the lock in shall be reckoned as three years from the date of allotment in public issue.
- The above Promoters have given their consent for lock in as started above; vide letter dtd 25<sup>th</sup> August 2007. Shares issued last shall be locked-in-first.

- The Securities, which are subject to lock in, carry the superscription, “not transferable”. However, in terms of clause 4.16.1 (b) of the SEBI Guidelines, locked in Equity Shares held by the promoters may be transferred to amongst the Promoter/Promoter group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
- In terms of clause 4.16.1 (a) of the SEBI Guidelines, locked in Equity Shares held by the Shareholders other than promoters may be transferred to any other person holding 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 transferees for the remaining period and compliance with SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
- Written consents have been obtained from the persons whose shares form part of promoters’ contribution and are subject to lock in period.
- Other than the above the entire pre-issue capital of our Company shall be locked in for a period of 1 year from the date of allotment of shares in the public issue.
- The Equity Shares forming part of promoter’s contribution do not consist of any private placement made by solicitation of subscription from unrelated persons, either directly or through any intermediary.
- The Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares held by Promoters, which are locked in, may be transferred to and among Promoter / Promoter Group or to a new promoter or persons in control of the Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Promoters may pledge their Equity Shares with banks or financial institutions as additional security for loans whenever availed by them from banks or financial institutions.
- In case the final allotment of shares exceeds 66,98,250 shares on account of rounding off to the nearest integer as decided at the time of allotment, the number of shares to be locked in for 3 years shall be calculated on the increased allotted share capital.

#### 4.The Pre and post issue Shareholding pattern:

Sr. No.	Category of shareholders	Pre issue		Post issue	
		No. Of shares	% Of holding	No. Of shares	% Of holding
I. (a)	<b>PROMOTERS</b>				
	Mr. Yashwant C. Patel	2562560	18.57	2562560	12.81
	Mrs. Suhasini R. Patel	1479750	10.72	1479750	7.40
	Mr. Navnit A. Patel	1426550	10.34	1426550	7.13
	Mr. Mohanbhai P. Patel	335000	2.43	335000	1.68
	Mr. Arun Vyas	197000	1.43	197000	0.99
	<b>Sub Total (I a)</b>	<b>6000860</b>	<b>43.48</b>	<b>6000860</b>	<b>29.27</b>
I (b)	<b>PROMOTERS’ GROUP</b> individuals	<b>1259140</b>	9.12	<b>1259140</b>	<b>6.14</b>
	<b>Sub Total Promoter and promoter group (I a+b)</b>	<b>7260000</b>	<b>52.60</b>	<b>7260000</b>	<b>35.41</b>
II	<b>STRATEGIC INVESTORS</b>				
II (A)	<b>Corporate bodies</b>				
	Yukti Securities Pvt. Ltd.	1500000	10.87	(●)	(●)
	Khandwala Securities Ltd.	75000	0.54	(●)	(●)
	<b>TOTAL (II (A))</b>	<b>1575000</b>	<b>11.41</b>	(●)	(●)
II (B)	<b>Others</b>			(●)	(●)
	Villoo Cyrus Poonawalla	1500000	10.87	(●)	(●)
	Dr. Cyrus S. Poonawala	500000	3.62	(●)	(●)
	Ashok Mittal	500000	3.62	(●)	(●)
	Rohitasava Chand	250000	1.81	(●)	(●)
	Ashish Chand	250000	1.81	(●)	(●)
	Dhirajlal S. Mehta	200000	1.45	(●)	(●)
	Ajay Laddha	250000	1.81	(●)	(●)
	Arvind Laddha	250000	1.81	(●)	(●)

	Mamta Lakhiani	200000	1.45	(●)	(●)
	<b>TOTAL II(B)</b>	<b>3900000</b>	<b>28.26</b>	(●)	(●)
	<b>TOTAL II(A) +(B)</b>	<b>5475000</b>	<b>39.67</b>	(●)	(●)
III	<b>PUBLIC</b>	<b>1066750</b>	<b>7.73</b>	(●)	(●)
	Total (I)+(II)+(III)	<b>13801750</b>	100	<b>20500000</b>	<b>100</b>

**5. The pre and post offer shareholding pattern of the Company is given below:**

Category	Pre-issue		Post-issue	
	No of Shares	% Holding	No of Shares	% Holding
Promoters & Promoters' Group	<b>7260000</b>	52.60	<b>7260000</b>	36.30
NRI / OCBs / FIIs	1575000	11.41	( )	7.88
Indian Mutual Funds & Financial Institutions	Nil	Nil	NIL	NIL
Friends & Relatives	<b>1066750</b>	7.73	<b>1066750</b>	5.33
Other Public Category	<b>3901000</b>	<b>28.26</b>	<b>10598250</b>	<b>50.49</b>
<b>TOTAL</b>	<b>1,38,01,750</b>	<b>100</b>	<b>2,05,00,000</b>	<b>100</b>

**6. Particulars of top ten Shareholders as on 24<sup>th</sup> September 2005 (two years prior to the date of filing of the Prospectus with the Registrar of Companies)**

Sl. No.	Name	No. of Shares	% of issued capital
1	Pace Investment Pvt. Ltd.	2000000	23.81
2	Yashwant C. Patel	760070	9.05
3	Ashok Mittal	500000	5.95
4	Rohitasava Chand and Mina Chand	250000	2.98
5	Ashish Chand and Rohitasava Chand	250000	2.98
6	Mrs. Maya S. Lakhiani and Mr. Suresh R.Lakhani	200000	2.38
7	Dhirajlal S. Mehta	200000	2.38
8	Purnima Y Patel	188070	2.24
9	Dr. Rajnikant R. Patel	185525	2.21
10	Suhasini R. Patel	173960	2.07

**7. Particulars of top ten Shareholders as on 24<sup>th</sup> September 2005 (10 days prior to the date of filing of the Draft Prospectus)**

Sr. No	Name of Shareholder	No of Shares	% of Issued capital
1.	Yashwant C.Patel	1656730	12.00
2.	Yukti Securities Pvt.Ltd.	1500000	10.87
3.	Villoo Cyrus Poonawala	1500000	10.87
4.	Navnit A.Patel	899150	6.51
5.	Suhasini R.Patel	503460	3.65
6.	Ashok Mittal	500000	3.62
7.	Dr.Cyrus Poonawala	500000	3.62
8	Mrs.Minaxiben Patel	400000	2.90
9.	Mohanbhai P.Patel	303000	2.20
10	Yashwant C.Patel Jt Purnima Y Patel	300850	2.18

**8. Particulars of top ten Shareholders as on the date of filing draft prospectus**

Sr. No	Name of Shareholder	No of Shares	% of Issued capital
1.	Yashwant C.Patel	1656730	12.00
2.	Yukti Securities Pvt.Ltd.	1500000	10.87
3.	Villoo Cyrus Poonawala	1500000	10.87
4.	Navnit A.Patel	899150	6.51
5.	Suhasini R.Patel	503460	3.65

6.	Ashok Mittal	500000	3.62
7.	Dr.Cyrus Poonawala	500000	3.62
8	Mrs.Minaxiben Patel	400000	2.90
9.	Mohanbhai P.Patel	303000	2.20
10	Yashwant C.Patel Jt Purnima Y Patel	300850	2.18

9. The Company, its Directors, Promoters, and the Lead Manager have not entered into any buy-back and / or standby arrangements for purchase of Equity Shares issued by the Company through this Prospectus.

10. There shall be only one denomination of the Equity Shares of the Company unless otherwise permitted by law. The Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.

11. Since the entire money of Rs. (\*) - **per share (Rs.10/- face value + Rs (\*)/- premium)** is being called on application, all the successful applicants will be issued fully paid-up shares.

12. We have not raised any bridge loan against the proceeds of the issue.

13. There are no outstanding warrants, option, or rights to convert debentures, loans or other instruments which would entitle the holders to acquire further Equity Shares of the Company.

14. As on the date of filing of this Prospectus, the number of shareholders on the Register of Members is 106.

15. The Company has not revalued assets since inception and had not issued any Shares out of the revaluation reserves or for consideration other than cash.

16. The Equity Shares offered through this Public Issue shall be made fully paid up on allotment.

17. The Equity Shares will be issued and traded on the stock exchange only in dematerialized form. Hence, the market lot of the Equity Shares is 1 (One share).

18. Allotment shall be on a proportionate basis rounded off to the nearest integer subject to the minimum allotment being equal to the minimum application size. In case of over subscription the proportionate allotment will be subject to the reservation for Retail Individual Investors as below:

19. An applicant cannot make an application for number of securities, which exceeds the total offer made in the issue.

20. We presently do not intend or propose to alter our capital structure for six months from the date of opening of the Public Issue, by way of split or consolidation of the denomination of the Shares or further issue of Equity Shares on preferential basis or otherwise, except if we enter into acquisition or joint venture, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint venture, if any.

21. The Company undertakes that it 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 (except to the extent mentioned in this Draft Prospectus) during the period commencing from the submission of the Draft Prospectus to SEBI for the Public Issue till the securities referred in the aforesaid have been listed

## OBJECTS OF THE ISSUE

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

1. To construct a MHRA / TGA / MCC / Canadian Pharmaceutical compliant Production Facility for formulations to be exported to the UK, Europe, South Africa, Canada and Australia and regulated market of WHO Geneva.
2. To Partly Prepay the existing Term Loan
3. To meet expenses of the issue

The main object clause of the Memorandum of Association of the Company enables the company to undertake the existing activities and the activities for which the funds are being raised through the present issue. Since inception no changes have been taken place in the objects clause of the Memorandum of Association of the company

### **COST OF PROJECT AND MEANS OF FINANCE**

The funds requirement and means of finance as estimated by our management are given below:

<b>Cost of Project # Particulars</b>	<b>Rs. in Lakhs</b>
(A) MHRA Plant	1500.00
<b>(B) To prepay the Term loan</b>	<b>[●]</b>
(C) Issue Expenses	160.00
<b>TOTAL</b>	<b>[●]</b>
 <b>Means of Finance</b>	
Public Issue	<b>[●]</b>
<b>TOTAL</b>	<b>[●]</b>

**APPRAISAL:** The funds requirement and funding plans are Company's own estimates, and have not been appraised by any bank / financial institution. The Company's management has, over the years, gained experience in manufacturing and developing various pharmaceutical formulation products apart from loan license & third party manufacturing. The Company has successfully executed all expansion plans undertaken in the past. The cost estimates for MHRA plant have been drawn by the management with assistance from a team of experienced professionals within the Company & outside agencies M/s B. Mehtalia Consultants Pvt Ltd, Mumbai who have the expertise to set up MHRA approved plants. The Company does not foresee any major cost escalation requiring alternative means of financing for cost overruns

### **DETAIL BREAK UP OF PROJECT COST:**

#### **(A) Setting up of a MHRA Plant.**

This is a green field project. The Company is presently negotiating for a piece of land adjoining the existing Plant. This will strategically help in controlling both the plants and reduce the additional burden of replicating infrastructure cost and other recurring cost. Also some of the Utilities in the existing plant like steam and Air-conditioning is in excess and can be utilized for the new plant by extending the pipelines.

The Company intends to deploy the entire work of MHRA i.e. Basic Logistics - (drawings, short listing Contractors and overall supervision of Construction activities) to M/s B. Mehtalia Consultants Pvt. Ltd. who has wide experience of constructing MHRA approved facilities and has entered into a MOU with them on 17 07 2007, the salient features of the same are furnished below:

- Preparation of overall Plot Plan
- Preparation of drawings for statutory approvals
- Detailed Architectural plans, sections and elevations of various buildings including Preparation of detailed drawings of various buildings.
- Preparation of general site grading and leveling drawings.
- Preparation of internal roads, storm water drains etc.
- Interaction with various vendors of electrical and mechanical equipment for utilities requirements.

- Working out bills of quantities, preparation of tender specifications, floating of tenders, receiving offers, evaluation of bids and assisting clients for negotiating with bidders and selection and recommendations of contractor.
- Inspection of work at site at intervals jointly agreed in the interest of the project.
- Preparations of process flow diagrams in consultation with the clients.
- Preparation of equipment layouts, detailed specifications for various process equipment floating the same to various vendors, technical scrutiny of such bids, evaluation of such bids and assisting clients for negotiations with such bidders and selection and recommendation of such contractors, floating to various vendors, technical scrutiny of such bids, evaluation of such bids and assisting clients for negotiations with such bidders and selection and recommendation of such contractors, Review and checking of vendors drawings, Assistance in installation, commissioning and validation, code, painting specification.
- Design & sizing of piping header including bill of materials for various piping materials like pipes, valves, strainers & fittings.
- Preparation of line list, valve list piping material take off list, colour Preparation of tender for supply and installation of piping, painting, insulation & equipment installation, technical review of the bids received, assisting clients for negotiating with bidders and selection and recommendation of contractor.
- Preparation of drawings for approval of Factory Inspector, Controller of Explosives and Foods & Drug Authority.
- Preparation of *ELECTRICAL / AIRCONDITIONING / VENTILATION / EFFLUENT TREATMENT SYSTEM* / Single Line Drawings. And submission of HT substation layout and drawings, Preparation of technical specifications for various equipment like transformers, Power control centres, motor control centres, distribution boards, lighting fixtures/fittings, cables, D.G. sets etc, Review and approval of vendors detailed engineering drawings and specifications, Preparation of cable schedule, tray / trench details, ,
- *Project planning and management*
- Preparation of detailed bar charts for construction activities of all disciplines, Monitoring progress including *INSPECTION & EXPEDITING* submission of progress reports showing status and identifying bottlenecks and constraints if any.

The present budgeted estimate given by B. Mehtalia Consultants Pvt. Ltd. is about Rs.1391.00 lakhs, which includes total construction area admeasuring about 4176 sq. MTs. of MHRA standard and installing machineries, piping and electrification as required by MHRA Regulatory Authorities.

#### **A. MHRA PLANT**

S.No	Item of expenditure	Cost (Rs lakhs)
1	<b>Land and land development</b>	<b>109.00</b>
2.	<b>Civil works</b>	<b>365.72</b>
3.	<b>Electrical works</b>	<b>487.63</b>
4.	<b>Plant, Machinery &amp; Equipment</b>	<b>390.72</b>
5.	<b>Consultatant' fee</b>	53.49
6.	<b>Contingency @ 7.5% of items 2,3&amp;4</b>	93.31
	<b>TOTAL</b>	<b>1499.87</b>

##### **i) Details of Land and land development**

1.	Cost of Land	<b>33.00</b>
2.	Stamp Duty, etc.	<b>2.20</b>
3.	Miscellaneous Expenses	<b>0.60</b>
4.	Land Filling (9000 sq.mts X Rs.400)	<b>36.00</b>
5.	Compound Wall (400 R.Mt X Rs.9300)	<b>37.20</b>
6.	<b>TOTAL</b>	<b>109.00</b>

ii) Civil works

GROUND FLOOR			
A	WARE HOUSE	AREA IN SQ.MT	AREA IN SQ.MT
	RM/PM/FG, Sampling & Disp. & Day store	834	
	25% addition for walls & corridors	209	
	Total – A		1043
B	MANUFACTURING		
	Tablets, Capsules, Coating, Packing	1081	
	25% addition for walls & corridors	270	
	Total – B		1351
C	CHANGE ROOMS		
	Ladies, Gents & Linen store & issue	255	
	25% addition for walls & corridors	64	
	Total – C		319
D	UTILITY		
	25% addition for walls & corridors	75	
	Total – D		375
	<b>Total A to D</b>		<b>3088</b>
FIRST FLOOR			
	Service area	840	
	Filter store	10	
	Filter wash	10	
	Control room	10	
	Total	870	
	25% addition for walls & corridors	218	
	<b>Total</b>		<b>1088</b>
	Plot area required		
	Considering 50% built up area on GF 3088 x 2 = 6176 Sq.mt		
Note	Administration & QC are not considered in area list with assumption that existing Facility will be used after up gradation.		

AREA STATEMENT		
SR NO	DESCRIPTION OF THE AREA	AREA IN SQ.MT.
<b>A</b>	<b>Ware House</b>	
	R.M.Store	
1	Unloading platform RM / Primary pack	15
2	Dedusting room	10
3	RM/PM Quarantine	20
4	RM store under test & release	170
5	RM Reject mat. Store	10
6	Store office	7
7	Empty hard gelatin cap. Store	25
8	Bottle store	30
	Sampling	
9	Material air lock	10

10	Man air lock	5
11	Sampling active & inactive	15
12	Wash	5
	Dispensing	
13	Transformation	10
14	Staging	25
15	Inactive dispensing	10
16	Active dispensing	10
17	Clean IPC store	20
18	RM day store	30
	FG / PM store	
19	Loading (FG) & unloading (PM) platform	25
20	Dedusting area	10
21	Secondary pack mat. Store	160
22	A/c. primary packing mat. Store	20
23	Printed packing mat. Store	20
24	FG quarantine	20
25	FG store	40
26	FG air lock	70
27	Strach wrapping area	25
28	Return material store	10
29	Office	7
	<b>TOTAL OF 'A '</b>	<b>834</b>
<b>B</b>	<b>Manufacturing</b>	
	Granulation - 1	
30	Wash area	10
31	Paste making are	10
32	Machine room	60
	Granulation - 2	
33	Wash area	10
34	Paste making area	10
35	Machine room	60
36	Blending area common for gran. 1 & 2	30
37	Spare change part for FBD, FBP, sieve storage etc.	10
38	Granule quarantine	20
39	Dirty bin store	20
40	Wash area with drying	15
41	IPC & clean bin store	20
42	House keeping	5
43	Production office	7
45	Compression - 1	25
46	Compression - 2	25
47	Compression - 3	25
48	Compression - 4	25
49	Die punch store room	10
50	IPQC	10

51	Tablet quarantine	20
	Coating	
52	Coating machine room	30
53	Solution making room	5
54	Wash	10
55	Coated tablet inspection	10
56	Uncoated tablet inspection	10
57	Coated tablet ready for packing	20
	Capsules:	
58	Capsule filling - 1	35
59	Capsule filling - 2	35
60	Spare change part room	10
61	Blending area for capsule	30
62	QA area for capsules	10
63	Capsule tablet ready for pack	20
	Packing	
64	Packing cubical - 1	24
65	Packing cubical - 2	24
66	Packing cubical - 3	24
67	Packing cubical - 4	24
68	Packing cubical - 5	24
69	Leak testing room	5
70	Office	7
71	Primary pack mat. Day store	15
72	Man. Air lock for pack hall	5
73	Scrap removal A / L-1	10
74	Scrap removal A / L-2	10
75	Production in charge off.	7
76	Office - pack hall	10
77	Packing hall	240
	<b>Total of 'B'</b>	<b>1081</b>
<b>C</b>	<b>Change rooms</b>	
78	Human entry platform	15
79	Foyer	10
80	Gents toilet	15
81	Ladies toilet	10
82	Linen store	10
83	Gents change - 1	15
84	Gents leg wash	15
85	Linen issue to gents	5
86	Gents change - 2	15
87	Ladies change - 1	10
88	Ladies leg wash	10
89	Linen issue to ladies	5
90	Ladies change - 2	15

91	Visitor change - 1	10
92	Visitor change - 2	10
93	House keeping	5
94	Drinking water	5
95	Over gowning	10
	Dining area	
96	Store	5
97	Pantry	10
98	Dining	35
99	Tiffin store	5
100	Hand wash & drinking water	10
	<b>Total of 'C'</b>	<b>255</b>

#### COST ESTIMATES OF CIVIL WORKS

	Civil Work	Sq.mt	Rate @ Rs /Sq, Mt	Rs. (in Lakhs)
1.	Ware houses	1043	6000	62.55
2.	Manufacturing	1351	8000	108.10
3.	Change rooms & dining	319	7000	22.31
4.	Utility	375	7000	26.25
5.	Service area	840	6000	50.40
6.	AHU Platform	750	5000	37.50
	<b>Sub Total</b>			<b>307.11</b>
7.	Road	1330	1200	15.96
8.	Security cabin	10	5000	0.50
9.	Compound wall			
10.	Decorative type (Running Meter)	66	3200	2.11
11.	Fencing (Running Meter)	296	350	1.04
12.	Gate			
13.	Automatic operated			1.00
14.	Bore well			3.00
15.	Parking			3.00
16.	ETP			15.00
17.	Scrap yard			4.50
18.	Foundation utility building			4.00
19.	Strom water			2.00
20.	Soak pit			0.50
21.	Sewage system pipe line			3.00
22.	Land scapping			3.00
	<b>Total</b>			<b>365.72</b>

### iii. MACHINERIES COST ESTIMATE FOR MHRA PLANT

Sr. No.	Machinery. Make & specification	Supplier's name	Quotation date	Qty.	Price Rs Lac	Cost Rs.Lac
1	Single Pot Processor 600 Litres.	SOLACE engineers (mktg) Pvt Ltd	20.4.2007	1	40.00	40.00
2	Auto Coater	Solace	20.4.2007	1	45.00	45.00
3	Conta Blender 1200 Ltrs.	RP products	20.4.2007	1	10.50	10.50
4	Bins 1200 Ltrs.	RP		6	2.55	15.30
5	Bins 600 Ltrs.	RP		6	2.10	12.60
6	Compression M/C. CMB4 GMP		20.4.2007			
	B Tooling 35 St.	Cadmach machinery Co Pvt ltd		1	10.41	10.41
	BB Tooling	Cadmach		1	10.41	10.41
	D Tooling	Cadmach		1	10.41	10.41
	On Line Dedusting	Cadmach		3	1.31	3.93
7	Blister Pack M/C. 600 BQS	Pam pac machines Pvt ltd	23.4.2007	2	34.78	69.56
8	Cartonator CP 120	Pam	23.4.2007	1	32.33	32.33
9	Capsule Filling M/C. AF – 90	Pam pharmaceutical & allied Machinery Co Pvt Ltd	23.4.2007	1	60.93	60.93
10	Strip Packing With Defoiler	SATELLITE engineers	21.4.2007	1	5.51	5.51
	NFD & Collator	RJ ENGG		1	APROX	7.00
11	Metal Deatector	INCOME		3	3.25	9.75
12	Positioning & Lifting Device	RP PRODUCTS	22.2.2007	4	4.00	16.00
<b>TOTAL</b>						<b>359.64</b>

#### **(B) Retiring of High Cost Debts.**

Our Company has raised temporary Working Capital facilities to the extent of Rs.218.00 lacs against the collateral security of third party Foreign Currency Deposits and NRE Deposits and interest thereon is 13.25% p.a. We wish to pay off part of this high cost debt from the proceeds of the Issue. This will help the Company to reduce the financial burden and increase the profitability.

#### **(C) Issue Expenses**

The expenses of this issue include, among others, management fees, selling commission, printing and distribution expenses legal fees, statutory advertisement expenses and listing fees. The total expenses of the issue are estimated to be around 9% of the issue size. All expenses with respect to the issue would be met out of the proceeds of the issue. The break up of the issue expenses is as under:

Expenses	Approximate Amount (Rs. in lakhs)
Lead Management Fees	35.00
Marketing & Advertising Expenses	25.00
Stationary, Printing	30.00
Legal Fees, Listing fees, Audit Fees etc.	20.00
Registrar Expenses	2.50
Brokerage / Selling Expenses	27.50
Miscellaneous	20.00
<b>TOTAL</b>	<b>160.00</b>

### Fees Payable to the Lead Manager

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding signed between us and the Lead Managers **Canara Bank & AllBank Finance Ltd** copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents.

### Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue **Intime Spectrum Registry Ltd** will be as per the Memorandum of Understanding signed with the Company, a copy of which is available for inspection at our Registered Office and forms part of Material Contracts & Documents. The Registrar will be reimbursed for all relevant out-of-pocket expenses including cost of stationery, postage stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allocation advice by registered post/ Speed Post. Refund Orders up to Rs.1,500/- would be send under certificate of posting.

### SCHEDULE OF IMPLEMENTATION:

#### Activity Chart for MHRA Plant

Sr.No.	Activity	Start Date	Finish Date
1	Land Identification and Procurement	1st Sept '07	30 <sup>th</sup> Sept '07
2	Land N.A. and clearance for construction	15th Sept.07	30 <sup>th</sup> Oct '07
3	Appointment of Architect	15th Oct.07	31st Oct '07
4	Preparation of Working Drawings	31 <sup>st</sup> Oct.'07	30 <sup>th</sup> Nov.'07
5	GPCB and Other Government Clearances	30 <sup>th</sup> Nov.'07	15 <sup>th</sup> Dec.'07
7	Tendering for Contractors	1st Dec'07	15 <sup>th</sup> Dec.'07
8	Commencement of Construction	15th Jan.'08	
9	Finishing of Floors, Doors and Windows		15th Oct.'08
10	Ordering of Machines	1st Jun.' 08	31st Jul.'08
11	Installation of Machines	16th Oct.'08	15th Dec.'08
12	Piping & Electrification	16th Oct.'08	15th Dec.'08
13	Painting and Final Finish	15th Dec '08	15th Jan.'09
14	Validation and Calibration of Plant & Machineries	15th Jan.'09	15th Feb'09
15	Validation of Production Batches (Process Validation)	16th Feb.'09	31st Mar.'09
16	MHRA Inspection		31st Jun.'09
17	Production Batches	1st Aug '09	

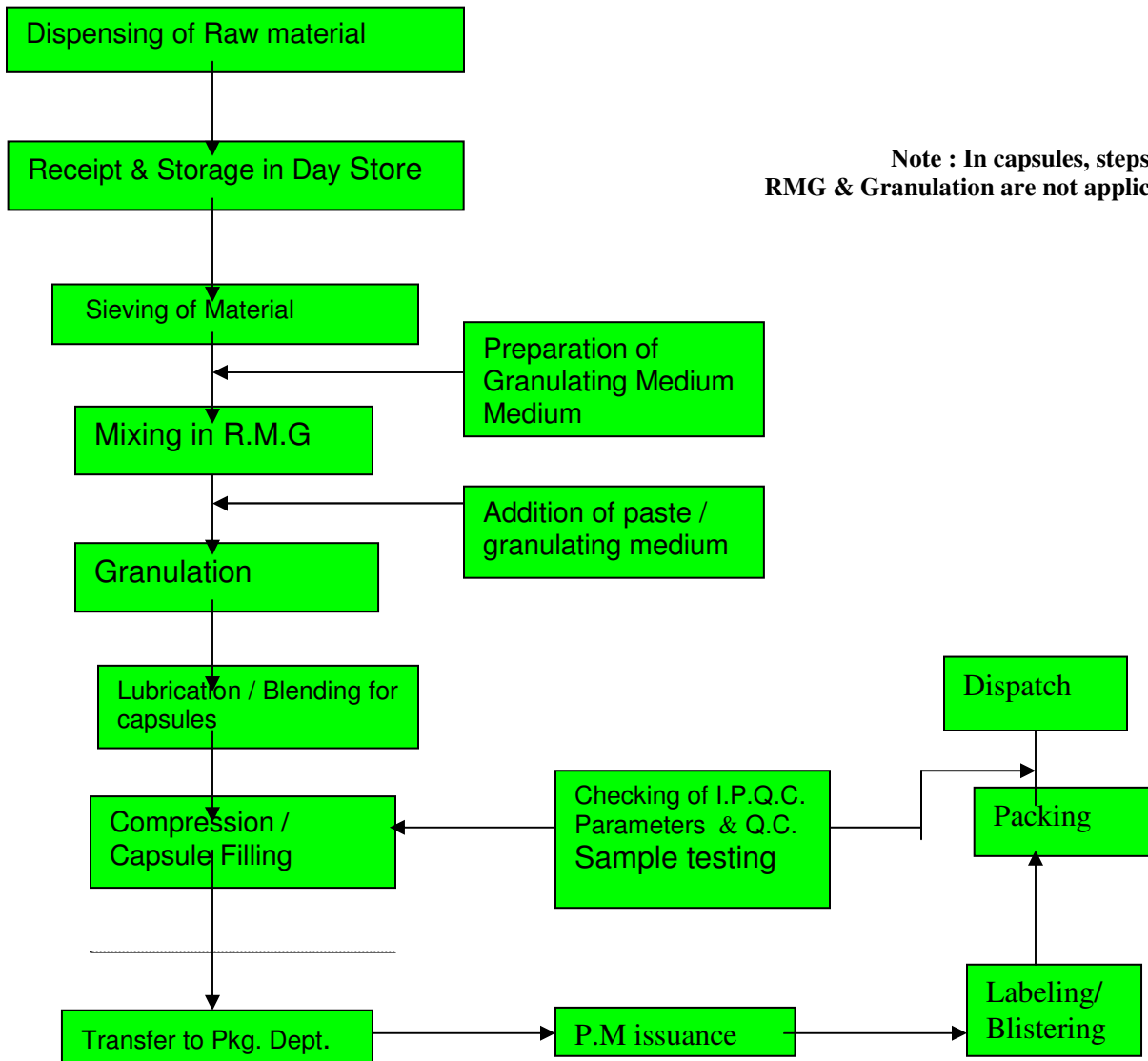
## DEPLOYMENT OF FUNDS IN THE PROJECTS

Capital Expenditure	Already	2007-08		2008-09				2009-10	Total
	Incurred	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	
	upto 31.08.07								Rs.in Lakhs
Fees to Lead Managers/ Legal Advisors	15.12		145.50						160.00
Land	0.50		32.50						33.00
Incidental Expenses for Land			2.80						2.80
Site Development			36.00	37.20					73.20
Construction Activity				92.00	95.00	95.00	84.00		366.00
Piping & Electrification					77.00	154.00	100.00	54.00	385.00
Machineries						250.00	200.00	37.00	487.00
Consultancy Fees				13.00	13.00	14.00	13.00		53.00
Contingencies							100.00		100.00
Repayment of term loan			(*)						(*)
<b>Total</b>	<b>15.62</b>		<b>(*)</b>	<b>142.20</b>	<b>185.00</b>	<b>513.00</b>	<b>497.00</b>	<b>91.00</b>	<b>(*)</b>

**DEPLOYMENT OF FUNDS IN THE PROJECTS till 31.08.2007:** Our Company has incurred the following expenditure on the proposed project till **August 31, 2007**. The same has been certified by M/s. O.P.Rathi, Chartered Accountants vide their certificate dated 31.8.2007

Deployment of Funds	Rs. in Lakhs
Issue Expenses	<b>15.62</b>
<b>Sources of Funds</b>	
Internal Accruals	<b>15.62</b>

**PROCESS FLOW CHART FOR TABLETS / CAPSULES**



Note : In capsules, steps like RMG & Granulation are not applicable

## MANPOWER REQUIREMENT FOR MHRA PLANT

### Technical People

Sr. No.	Class of Person	No. of Persons
1.	Plant Manager	01
2.	Departmental heads	02
3.	Production Pharmacist	08
4.	Q.C. Pharmacist	03
5.	Q.A. Pharmacist	02
6.	Skilled Workers	20
7.	Semi Skilled Workers	25
8.	Unskilled Workers	10

### MONITORING AGENCY

In terms of Clause 8.17 of the SEBI DIP Guidelines, 2000, there is no requirement of Monitoring Agency. However, the company shall appoint [ . ] to monitor the utilization of funds. Besides, the board will also monitor the utilization of the proceeds of the issue. The company has set up Audit Committee comprising of non executive and independent directors who have been entrusted with the responsibility of monitoring the use of issue proceeds. The company will disclose with utilization of the proceeds of the issue under a separate head a separate head in the Balance Sheet clearly specifying the purpose for which such proceeds have utilized. It shall also, in its Balance Sheet, provide details, if any, in relation to all such proceeds have not been utilized thereby also indicating investment if any, such unutilized proceeds of the issue.

### INTERIM USE OF FUNDS

Pending utilization of the issue proceeds in the project, our Company intends to invest the funds from the Issue in high quality, interest / dividend bearing short term / long-term liquid instruments including deposits with banks for the necessary duration. These investments would be consistent with the investment policies of the Company and would be authorized by our Board or a duly authorized Committee thereof.

## BASIC TERMS OF THE PRESENT ISSUE

### Terms of the Issue

The Equity Shares being issued are subject to the provisions of the Companies Act 1956, the Memorandum and Articles, FIPB and RBI approvals, the terms of this Draft Prospectus and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### Authority for the Issue

The present issue has been authorized by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the Extraordinary General Meeting of the shareholders of the Company held on 30<sup>th</sup> July, 2007.

### Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Memorandum and Articles and shall rank pari-passu with the existing Equity Shares of the Company in all respects except the lock-in provisions applicable as per SEBI Guidelines in respect of existing Equity Shares. The allottees of the Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of allotment.

### Face Value and Issue Price

The Equity Shares with a face value of Rs.10 each are being offered in the Issue at a price of Rs (\*) per equity share which is (\*) times of the face value. At any given point of time there shall be only one denomination for the Equity Shares subject to applicable laws.

### Terms of Payment:

The Applications should be for minimum of 200 Equity Shares and in multiples of 200 Equity Shares thereafter. Entire amount is payable on application.

The amount payable is as under:

Particulars	Amount towards Share Capital	Amount towards Share Premium	Amount Payable
On application	Rs.10/-	Rs [ . ]	Rs.[ . ]

Where an applicant is allotted lesser number of Equity Shares than he / she has applied for, the excess amount paid on application will be refunded to the applicant.

No interest would be payable on application money pending allotment up to 30 days from the date of closure of the issue.

### Rights of the Equity Shareholder

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

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

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, refer to the section on "Main Provisions of Articles of Association of the Company" on page 151 of this Prospectus.

### Market Lot

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

**Minimum subscription**

If the Company does not receive the minimum subscription of 90% of the net offer to public on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the 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, the Company shall pay interest as per Section 73 of the Companies Act, 1956. No statement made in this offer document shall contravene any of the provisions of the Companies Act, 1956.

**Period of Subscription**

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

**Reservations**

No reservation is proposed for any category of investors in the issue.

**BASIS FOR ISSUE PRICE**

**Qualitative Factors:**

- ◆ The Company had successfully completed the expansion program of the Quality Control Department to double the existing area to include a separate stability area.
- ◆ Elysium Pharmaceutical Ltd. got approval from Ministry of Health, Kenya in April 2007 for directly exporting pharmaceutical products to Kenya.
- ◆ Elysium Pharmaceutical Ltd. got approval from Ministry of Health and Social Welfare, Tanzania in June 2007 for directly exporting pharmaceutical products to Tanzania.
- ◆ The company complied with all the requirements of WHO GMP and has obtained the 4th renewal of WHO GMP in September 2007. The plant is now approved till September 2009
- ◆ The Company has successfully executed an export order of Cephalothin Injection with Sterile Water For Injection to the Ministry, Costa Rica in March/April 2007.
- ◆ Major export manufacturing commenced for Glenmark Pharmaceuticals Ltd from May 2007.
- ◆ The Company commenced manufacturing of ISOVON Capsules and NIMEGESIC Tablets for ALEMBIC Ltd. for their export markets of Malaysia, TadzhiKistan, Sri Lanka, Kenya and Mauritius in June 2007.
- ◆ The Company commenced manufacturing of 'VALPARIN SYRUP', a global product of M/s SANOFI-SYNTHELABO, France under Aventis Pharma Ltd. in August 2007.
- ◆ The Company has tied-up with M/s Spirit Pharma, USA in August 2007 to export Senna-Docusate Tablets for the US market.
- ◆ The Company has tied-up with East India Pharmaceutical Works Ltd. (Kolkata) in September 2007 for manufacturing their products at Elysium.
- ◆ The Company has successfully completed 10 years of manufacturing of pharmaceutical products on contract basis for Aventis Pharma Ltd. (formerly Hoechst Marion Roussel Ltd.). Elysium started manufacturing of 'Daonil Tablets' for Aventis Pharma in September 1998. Elysium is currently manufacturing brands like Combiflam Tablets and Combiflam Suspension, Allegra Suspension, Hostacycline Capsules, Novalgin Injection, Baralgin M Injection, Avil Injection for Aventis Pharma Ltd.
- ◆ Besides this, the Company still manufactures for Cadila Pharma, Torrent, and other reputed nationally acclaimed pharmaceutical Companies.
- ◆ Company is into this industry for last 10 years and intends to leverage the competitive strengths to become a strong player in the Industry.
- ◆ Company has a proven track record in terms of turnover and profitability since 1997.
- ◆ Issue proceeds will be partly utilised for repayment of long term debts, resulting into substantial cut down in finance cost.
- ◆ The company has a state of an art manufacturing unit along with garden which ensures clean, dust free environment which is appreciable in case of pharma industry. Air curtains and insect killer also have been provided at entrances.
- ◆ Extensive Product Range: Antibiotics, Anti-inflammatory, Analgesics, Anti-ulcerants, Antioxidants, Vitamin & Mineral supplements, Cough Preparations, Anti-allergics, etc.
- ◆ Company has a strong technically qualified management team and a skilled and motivated work force
- ◆ Company believes that with the good technical base, lower overheads, international standard manufacturing facilities have shown consistent growth in revenues and profits.
- ◆ Approved by WHO for Current Good Manufacturing practices (CGMP)
- ◆ Production agreements with top players in pharma sector including multinationals.

For a detailed discussion on the above factors refer to the section titled “Our Business” at page [•] of this Prospectus.

**QUANTITATIVE FACTORS**

Information presented in this section is derived from our restated financial statements prepared in accordance with Indian GAAP. Some of the quantitative factors, which may form the basis for computing the price, are as follows:

**1. Adjusted Earning per Share (EPS) of face value of Rs.10**

<b>FY Ended</b>	<b>E.P.S. (Rs.)</b>	<b>Weights used</b>
<b>March 31, 2007</b>	<b>2.68</b>	<b>3</b>
March 31,2006	2.48	2
March 31,2005	(1.40)	1
<b>Weighted Average</b>	<b>2.17</b>	

1. The earning per share has been computed on the basis of adjusted profits & losses for the respective years/ periods.
2. The denominator considered for the purpose of calculating earning per share is weighted average number of Equity Shares outstanding as on last date of the respective Financial Year.

## 2. Price/Earning (P/E)\* ratio in relation to Issue Price of Rs [ . ]

Based on year ended March 31, 2007 EPS of Rs. 2.68	[ . ]
Based on weighted average EPS of Rs. 2.17	[ . ]

## 3. Return on Net worth (RONW)

F.Y. Ended	RONW	Weights used
<b>March 31, 2007</b>	<b>17.00%</b>	<b>3</b>
March 31, 2006	19.00%	2
March 31, 2005	(1.00%)	1
<b>Weighted Average</b>	<b>14.83%</b>	

Note: Based on net worth as on the last day of the respective Financial Year.

## 4. Net Asset Value (NAV) Per Equity Share

FY Ended	NAV (Rs.)
<b>March 31, 2007</b>	<b>13.62</b>
March 31, 2006	11.88
March 31, 2005	9.83

## 5. Comparison with Industry Peers

Name of the Company	As at March 31, 2007 (Rs. In Crores)					
	Equity	Sales	PAT	B.V (Rs)	E.P.S. (Rs.)	P/E (Times)
Sharon Bio-Med.	10.18	171.7	16.8	42.7	16.5	14.4
Lincoln Pharma.	7.61	65.4	4.6	8	1.2	6.3
Syncom Formul.	5.92	57.6	5.2	59.5	8.8	4.7
Albert David	5.71	154.2	9.2	82.5	15.7	5.5
Ind-Swift Labs	7.44	385.6	22.3	39.7	6.0	4.7
Plethico Pharma	34.07	318.7	86	130.3	24.9	12.8
<b>ELYSIUM PHARMACEUTICALS LTD</b>	<b>12.69</b>	<b>24.97</b>	<b>2.94</b>	<b>13.62</b>	<b>2.17</b>	[ . ]

(Source: Capitaline Plus / Capital Markets September 10 - 23, 2007)

The Lead Manager believes that the Issue Price of Rs. [ . ] per Equity Share is justified in view of the above qualitative and quantitative parameters. The investors may want to peruse the risk factors and the financials of the Company including important profitability and return ratios, as set out in 'Statement of Accounting Ratios' appearing on Page 102 of the Prospectus to have a more informed view of the investment proposition.

## STATEMENT OF TAX BENEFITS

**Date: 21<sup>st</sup> May 2007**

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to ELYSIUM PHARMACEUTICALS LTD. (the “Company”) and its shareholders under the current tax laws presently in force in India as amended by the Finance Act, 2006. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which in future is based on business imperatives the Company face in the future, the Company may or may not choose to fulfill.

The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

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

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been / would be met with.
- The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

**For O.P.RATHI & CO**  
CHARTERED ACCOUNTANTS

**O P Rathi**  
Partner  
Membership No. 030458

## ANNEXURE

### Statement of possible Direct Tax Benefits available to ELYSIUM PHARMACEUTICALS LIMITED (“the Company”) and its Shareholders

#### A. To the Company - Under the Income Tax Act, 1961 (the Act)

- Effective from FA.Y. 2006-07 Section 115JAA provides for the tax credit to the extent of MAT PAID in excess of the normal tax and was allowed to be carry forward and set off against normal tax up to 7 subsequent assessment years.
- Under Section 32 the rates of depreciation on plant and machinery would normally be 15% and those on furniture and fittings 10% and motor cars 15%. Initial depreciation on new plant and machinery would be 20% where assessee engaged in the business of manufacture of production of any article of or thing.
- The corporate tax rate shall be 30%, in addition to income tax, a fringe benefit tax at the rate of 30% (plus surcharge and education cess) would be payable in respect of fringe benefits provided / deemed to be provided to the employees.
- Sub- clause (vii) is inserted in proviso to section 115WB(2)(D) to provide that expenditure incurred on distribution of free samples of medicine to doctors shall not be treated as sales promotion expenses and therefore would not be liable to FBT.

#### B. To the Members of the Company - Under the Act

##### B.1 Resident Members

- Under section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or authorized by the Reserve Bank of India and subject to the conditions notified by the Central Government and also the mutual funds registered under the Securities and Exchange Board of India Act, 1992 or regulations made there under are eligible for exemption from income tax on all their income, including income from investment in the shares of the Company.
- Under section 10 (34) of the Act, dividend income referred to in section 115-O of the Act, are exempt from tax in the hands of its Members and are not subjected to any deduction of tax at source.
- Under Section 10(38) of the Act, Long Term Capital Gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, on or after October 1, 2004, the date on which such transaction is chargeable to Securities Transaction Tax, are exempted from tax. This Benefit is Available after the listing of the shares of the Company.
- Under Section 111A of the Act, Short Term Capital Gains arising from the sale of securities transacted through a recognized stock exchange in India, on or after October 1, 2004, will be taxable at the rate of 10% (plus surcharge and education cess). This Benefit is Available after the listing of the shares of the Company.
- Under section 112 of the Act and other relevant provisions of the Act i.e., if shares are held for a period exceeding 12 months, on transfer of shares in the Company, as and when it is listed, shall be taxed at a rate of 20% (plus applicable surcharge and education cess) after indexation as provided in the second proviso to section 48 or at 10% (plus applicable surcharge and education cess) without indexation, at the option of the shareholder.

##### B.2 Non-Resident Indians/ Non Residents Members [Other than FIIs and Foreign venture capital investors].

- Under section 10 (34) of the Act, dividend income referred to in section 115-O of the Act, are exempt from tax in the hands of the Members and are not subjected to any deduction of tax at source.
- Under Section 10(38) of the Act, Long Term Capital Gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, on or after October 1, 2004, the date on which such transaction is chargeable to Securities Transaction Tax, are exempted from tax.
- Under Section 111A of the Act, Short Term Capital Gains arising from the sale of shares transacted through a recognized stock exchange in India, on or after October 1, 2004, will be taxable at the rate of 10% (plus surcharge and education cess).
- A non-resident Indian (NRI) (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 XII-A of the Act viz. “Special Provisions Relating to Certain Incomes of Non-Residents”.
- Under section 115G of the Act, it shall not be necessary for a NRI to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets

acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

- Under section 115-I of the Act, a NRI may elect not to be governed by the provisions of Chapter XII-A for any Assessment Year by furnishing his Return of Income under section 139 of the Act declaring therein that the provisions of this chapter shall not apply to him for that assessment year and if he does so the provisions of this chapter shall not apply to him instead the other provisions of the Act shall apply.
- Under the first proviso to section 48 of the Act, in case of a non-resident, in computing the capital gains arising from transfer of shares or debentures of the Indian Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

### **B.3 Foreign Institutional Investors (FIIs)**

- Under section 10 (34) of the Act, dividend income referred to in section 115-O of the Act, are exempt from tax in the hands of the Members and are not subjected to any deduction of tax at source.
- Under Section 10(38) of the Act, Long Term Capital Gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, on or after October 1,2004, the date on which such transaction is chargeable to Securities Transaction Tax, are exempted from tax.
- Under Section 115 AD of the Act, Short Term Capital Gains arising from the sale of shares transacted through a recognized stock exchange in India, with on or after October 1, 2004, will be taxable at the rate of 10% (plus surcharge and education cess).

### **B.4 Approved Infrastructure Capital Funds/Companies/Co-operative Banks**

- Under section 10 (34) of the Act, dividend income referred to in section 115-O of the Act, are exempt from tax in the hands of the Members and are not subjected to any deduction of tax at source.
- Under Section 10(38) of the Act, Long Term Capital Gains arising from the sale of equity shares of the Company transacted through a recognized stock exchange in India, on or after October 1,2004, the date on which such transaction is chargeable to Securities Transaction Tax, are exempted from tax.

### **B.5 Mutual Funds**

In accordance with section 10(23D), any income of:

- (i) a Mutual Fund registered under the Securities and Exchange Board of India Act 1992 or regulations made there under;
- (ii) such other Mutual Fund set up by a public sector bank or a public financial institution or authorised by the Reserve Bank of India subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf will be exempt from income-tax.

### **Benefits available to the Members of the Company under the Wealth Tax Act, 1957**

Shares of the Company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act, 1957; hence the value thereof is not includible in the net wealth chargeable to Wealth Tax.

### **Benefits available to the Members of the Company under the Gift Tax Act, 1958**

Gift of shares of the Company made on or after October 1, 1998 would not be liable to Gift tax.

### **Notes:**

- (i) All the above benefits are as per the current tax law as amended by the Finance Act,2006 and will be available only to the sole/first named holder in case the shares are held by joint holders. Legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time, and these may have a bearing on the advice that we have given. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested, we have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issue of this Note.
- (ii) 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 Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
- (iii) 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 Issue.

**SECTION III:**

**ABOUT THE COMPANY**

**INDUSTRY OVERVIEW**

**Disclaimer:** Pursuant to the requirements of the SEBI Guidelines, the discussion on the business of the Company in this Draft Prospectus consists of disclosures pertaining to industry grouping and classification. The industry grouping and classification is based on the 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. The Company acknowledges that certain products described in the Draft 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 Draft 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.

In recent years a host of factors have influenced the evolution of the global Pharmaceutical industry. Some of the most significant factors are changing demographics in various countries, Government healthcare programs, new product launches, role of health insurance agencies, emphasis on cost containment, expiring drug patents, increase in R&D activity, competition from generics and increasing market potential shown by countries in the Asia-Pacific region. The size of the global pharmaceutical market was US\$ 602 bn during 2005 which has grown at a CAGR of nearly 11% during 1998-2005.



(Source: IMS Health)

The pharmaceutical markets worldwide can be classified as Regulated, Semi regulated and Non Regulated markets. Regulated Markets consist of developed countries which have stringent laws in order to ensure availability of quality drugs. Hence detailed procedure and a great amount of documentation, including regulatory filings and manufacturing facility approvals is required in order to sell drugs in these markets. However, these markets are not strictly regulated on the pricing front and hence new innovative products enjoy higher prices and exclusive production rights during the patented time period. Semi regulated and non regulated markets generally consist of developing countries which are relatively easier to access as the drug regulations are not as stringent. However, the size of these markets is relatively small and the margins are lower. Moreover, many such countries have strict price control regulations on essential drugs which restrict higher margins. Since these markets are easier to access, the competition is also intense which again makes these markets low margin.

The regulated markets constitute largest size and control 88% of the global pharmaceutical market. North America (47%), with 2005 sales of US\$ 266 bn, is the largest market for pharmaceuticals. Europe comes second and accounts for nearly 30% of the global market with 2005 sales of US\$ 170 bn. Japan is the third largest market for pharmaceuticals with 2005 sales of US\$ 60 bn and accounts for 11% of the global share. North America, Europe and Japan grew at moderate rates of 5%, 7% and 7% respectively during 2005.

The semi and non regulated markets like the Asian, African, Australian and Latin American markets have registered a double digit growth in 2005 which highlights the tremendous market potential of these regions. Countries in these markets offer a high growth potential for pharmaceutical space as they comprise of mainly emerging economies with large growing population.

India is one of the lowest cost producers of drugs and pharmaceuticals in the world. The Indian Pharmaceutical Industry (IPI) is undergoing a major transition with global as well as domestic factors playing a part in it. The playing field for the domestic pharmaceutical companies has changed and they are now compelled to pursue various strategies for achieving long-term sustainable growth. The single most important factor that has changed the dynamics of the industry is India's recognition of product patents under the TRIPS agreement which came into effect from January, 2005. This has opened up a host of new opportunities for the domestic pharmaceutical companies and it has also developed new threats for the industry.

The size of the Indian pharmaceutical industry (based on value of production by Indian Pharmaceutical companies) was INR 416 bn or US\$ 9 bn in 2005-06. The industry is highly fragmented with about 330 companies in the organised sector and more than 15,000 units in the unorganised sector. India is ranked 4<sup>th</sup> in volume terms and 11<sup>th</sup> in value terms among the global pharmaceutical markets.

The industry has grown at a CAGR of 7% during 1999-2006. The growth rate declined in 2004-05 due to a number of factors like increasing price competition, uncertainty regarding implementation of Value Added Tax (VAT), MRP based excise duty and drying pipelines of domestic pharmaceutical firms. However, during 2005-06 the growth rate picked-up due to spill-over effect of de-stocking by stockists in India after clarity on VAT implementation and exports.



[Source: CMIE]

The products of the pharmaceutical industry can be broadly classified into formulations (finished dosages) and bulk drugs (Active Pharmaceutical Ingredients). Formulations comprise of the final finished dosages in the form of tablets, capsules, injectibles, liquids etc. that are ultimately consumed by customers whereas bulk drugs are Active Pharmaceutical Ingredients (API) or compounds that show specific medicinal properties. Bulk drugs and drug intermediates, which consist of chemicals and solvents, together are the raw materials for the production of drug formulations which are ultimately sold to the customers. Formulations constituted nearly 78% (FY05) of the Indian Pharma Industry's sales, the remaining accounted by bulk drugs. Out of the formulation sales, about 68% are domestic sales and the rest are exports.

Exports from Indian pharmaceutical industry have shown a steady growth during the last six years and their share in the total turnover has increased significantly. Exports by Indian Pharmaceutical companies have grown at a CAGR of 19% during the period 1998-2006 and constituted nearly 52% of the total industry size in 2005-06. Formulations comprise majority of exports, however, bulk drug exports have also grown at a significant rate. In 2005-06 formulations constituted 55% of total exports in value terms and the remaining were bulk drug exports. The rise in exports is largely attributed to IPI's ability to produce quality medicines covering all major therapeutic segments at lower costs. Moreover, there are good opportunities provided by the potentially huge generics market in US and Europe.

Indian companies are constantly upgrading their existing manufacturing facilities to get them approved from regulatory authorities (USFDA, MHRA, etc.) in order to access the regulated markets. These factors are likely to drive the exports of the Indian companies going forward. Share of exports to regulated markets has consistently increased as top tier Indian pharmaceutical companies are increasing their focus on the regulated markets due to the higher margins as compared to other markets. However, at present, the access to regulated markets is only restricted to a few topline pharmaceutical companies as only they have the necessary expertise to comply with the stringent documentation and other regulatory procedures/requirements. Semi/non regulated markets, however, have shown higher growth rates globally than regulated markets. As a result, the mid-size and small pharmaceutical companies which predominantly thrived on the Indian formulations market have now shifted focus to these non regulated markets. Lesser regulatory compliance and cost competitiveness of Indian drug manufacturers have made these markets ideal for expanding business geographically with high volumes. However, price regulations and competition have put margins under pressure in these markets.

The industry is highly fragmented with a large number of small scale units producing drugs that require low capital investment and low operating costs. However, their share in value terms is minimal and it's declining as these units cannot enjoy economies of scale making them unviable and have low production efficiencies. Also, with the introduction of product patents, these small units in the unorganised sector are under tremendous pressure and most of them do not have sufficient resources to upgrade their manufacturing facilities to GMP (Good Manufacturing Practices) standards. The IPI consists of nearly 330 units in the organised sector and more than 15000 units in the unorganised sector. The organised sector accounts for 96% of the industry and companies can be broadly classified as large, mid-size and small firms based on their annual sales.

## **INDIA'S ADVANTAGE**

**Competent workforce:** India has a pool of personnel with high managerial and technical competence and also skilled workforce. It has an educated work force and English is commonly used. Professional services are easily available.

**Cost-effective chemical synthesis:** Its track record of development, particularly in the area of improved costbeneficial chemical synthesis for various drug molecules is excellent. It provides a wide variety of bulk drugs and exports sophisticated bulk drugs.

**Legal & Financial Framework:** India is a 59-year-old democracy and hence has a solid legal framework and strong financial markets. There is already an established international industry and business community.

**Information & Technology:** It has a good network of world-class educational institutions and established strengths in Information Technology.

**Globalization:** The country is committed to a free market economy and globalization. Above all, it has a 70 million middle class market, which is continuously growing.

**Highest US FDA Approvals & DMF Filing:** The Indian pharmaceutical industry has the highest number of plants approved by the US Food and Drug Administration (FDA) outside the US. It also has the largest number of Drug Master Files (DMFs) filed which gives it access to the high growth generic bulk drugs market.

The industry now produces bulk drugs belonging to all major therapeutic groups requiring complicated manufacturing processes and has also developed excellent 'good manufacturing practices' (GMP) compliant facilities for the production of different dosage forms.

**Government Support:** To facilitate the sector's growth, the Indian government has announced exemptions from import licenses to foreign pharmaceutical units setting up their manufacturing units in Special Economic Zones.

**Cost Effective Technologies:** Setting up a plant is 40 percent cheaper in India compared to developed countries and the cost of bulk drug production is 60-70 percent less. The strength of the industry is in developing cost-effective technologies in the shortest possible time for drug intermediates and bulk actives without compromising on quality.

## **TECHNOLOGICAL STRENGTHS**

The following form the basis of the technological strengths of the Indian Pharmaceutical industry:

1. Self-reliance displayed by the production of 90% of the drugs requirement of the country
2. Low cost of production
3. Low R&D costs
4. Innovative Scientific manpower
5. Excellent and world-class national laboratories specialising in process development and development of cost effective technologies
6. Increasing balance of trade in pharma sector
7. An efficient and cost effective source for procuring generic drugs especially the drugs going off patent in the next few years
8. An excellent centre for clinical trials in view of the diversity in population

## **INITIATIVES IN THE RECENT PAST TO GRANT IMPETUS TO THE INDIAN PHARMACEUTICAL INDUSTRY**

### **Licensing & FDI Policy**

**Industrial Licensing:** Industrial licensing for all bulk drugs cleared by Drug Controller General (India), all their intermediates and formulations has been abolished, subject to stipulations laid down from time to time in the Industrial Policy, except in the cases of:

- a) bulk drugs produced by the use of recombinant DNA technology,
- b) bulk drugs requiring in-vivo use of nucleic acids as the active principles, and
- c) specific cell/tissue targeted formulations

**Foreign Direct Investment:** Foreign Direct Investment up to 100% is permitted, subject to stipulations laid down from time to time in the Industrial Policy, through the automatic route in the case of all bulk drugs cleared by Drug Controller General (India), all their intermediates and formulations, except those, referred to in para above, kept under industrial licensing.

**Foreign Technology Agreements:** Automatic approval for Foreign Technology Agreements is available in the case of all bulk drugs cleared by Drug Controller General (India), all their intermediates and formulations, except those, referred to in Para above, kept under industrial licensing for which a special procedure prescribed by the Government is to be followed.

## **SWOT ANALYSIS OF INDIAN PHARMACEUTICAL INDUSTRY**

### **Strengths:**

- Cost Competitiveness
- Well Developed Industry with Strong Manufacturing Base
- Access to pool of highly trained scientists, both in India and abroad.
- Strong marketing and distribution network
- Rich Biodiversity
- Competencies in Chemistry and process development.

#### Weaknesses:

- Low investments in innovative R&D and lack of resources to compete with MNCs for New Drug Discovery Research and to commercialize molecules on a worldwide basis.
- Lack of strong linkages between industry and academia.
- Low medical expenditure and healthcare spend in the country
- Production of spurious and low quality drugs tarnishes the image of industry at home and abroad.
- Shortage of medicines containing psychotropic substances. There are 4000 such brands of medicines that fall under the Narcotics Drugs and Psychotropic Substances (NDPS) Act, 1985. Under a clause of this Act, the retailer has to sign the consignment note provided by the stockist. The police check this note regularly to prevent these medicines getting diverted to the drug mafia and they can arrest the retailer if the signatures are under suspect. To protest against this clause, the retailers have stopped stocking these medicines, some of which is life saving.

#### Opportunities:

- Significant export potential.
- Licensing deals with MNCs for NCEs and NDPS.
- Marketing alliances to sell MNC products in domestic market.
- Contract manufacturing arrangements with MNCs
- Potential for developing India as a centre for international clinical trials
- Niche player in global pharmaceutical R&D.
- Supply of generic drugs to developed markets.
- Threats:
- Product patent regime poses serious challenge to domestic industry unless it invests in research and development
- R&D efforts of Indian pharmaceutical companies hampered by lack of enabling regulatory requirement. For instance, restrictions on animal testing outdated patent office.
- Drug Price Control Order puts unrealistic ceilings on product prices and profitability and prevents pharmaceutical companies from generating investible surplus.
- Lowering of tariff protection
- The new MRP based excise duty regime threatens the existence of many small scale pharma units, especially in the states of Andhra Pradesh and Maharashtra, that were involved in contract manufacturing for the larger, established players.

*(Source: FICCI report)*

### **IMPACT OF THE NEW PATENT REGIME**

The Patent Law, which came into force from 1.1.2005, implies that, the products which are patented before 1995 can be manufactured by anybody. However, the products patented after 1995, cannot be manufactured by any Indian manufacturer till the patent expires. There are about 90 products, which will go off patent between 2006 to 2009. Most of the products, planned by our company fall into this category. Few life saving products, which go off patent up to 2015 are also manufactured by us using Non-infringing process. A Non-infringing process refers to a process that does not infringe the process, which is patented. The product manufactured using the Non-infringing process is

sold in the "non-regulated" market like Far East, Middle East, Latin America and Eastern Europe. Further, on December 26, 2004, the Government has issued an ordinance to amend the Patents Act to include the above and implement the product patents from January 1, 2005.

### **WTO IMPLICATIONS**

Small pharma companies will continue to manufacture and market popular generics and also pre-WTO products, which may still be under patent overseas. They will seek franchise manufacturing and marketing for overseas MNCs. Medium sized companies may also enter into research tie-ups with MNCs by promoting their relatively low cost, efficient skill base of trained pharmacists as an economic alternative to reducing MNC product development costs. The larger Indian companies are expanding their therapeutic reach through new product launches in the high margin segments, thus enhancing their product portfolio and increasing their critical mass. Their medium term objective would be to focus on process engineering of products going off patent in the next 5-10 years. The long term objective will be to enter into the sunrise knowledge areas of biotechnology and drug delivery system.

WTO Implication on Indian Industry would be as under:

Increased focus on R&D: Major pharma companies are increasing investment in R&D for discovering New Chemical Entities (NCEs) and launching Novel Drug Discovery Systems. They are tying up with MNC majors for developing new molecules.

Marketing tie-ups with MNCs: Domestic players and MNCs have entered into marketing arrangements to increase market penetration and further strengthen their position in respective therapeutic segments.

Products rationalization/ brand acquisition /company acquisition: Most of the top pharmaceutical companies are consolidating their position in the domestic market either through product rationalization or brand or company acquisitions.

### Indian Pharmaceuticals Industry- New Strategies



[Source: CARE Research]

**Domestic Formulations** The domestic formulations market in 2005-06 was estimated to be at Rs.23,500 crores and is the largest revenue generating segment for most of the companies in the IPI. This market is catered to by companies in organised/unorganised sector as also by MNCs. This market is characterised by price regulations and intense competition. There exist multiple brands under a single drug category manufactured by many companies including small scale units. This results in tremendous price competition among brands in any drug category. the pricing pressure is likely to continue in the domestic market as nearly 85% of the formulations consumed in India are of drugs that have already gone off-patent.

**Product Diversification** : ORG-IMS data shows that the major growth driver in the domestic formulations market is the introduction of new products and combinations in the market. This can be achieved in two ways:

1. Introduce new products or combinations of existing products in the same therapy class where the company already has a presence
2. Diversify product portfolio by introducing products/combinations in a new therapy class where the company doesn't have a presence.

**In-Licensing for distribution** : Another strategy which is becoming increasingly popular among Indian pharmaceutical companies in the domestic market is having a marketing arrangement with a global pharmaceutical company for marketing and distribution of the global company's products. This arrangement is proving to be fruitful for both the global pharmaceutical companies and their Indian counterparts as global companies can successfully introduce new products in India by using the marketing and distribution network of Indian companies. In turn, Indian companies can expand their product offerings to the Indian pharmaceutical market and profits can be appropriately shared.

In an "In-licensing" deal a global pharmaceutical company wanting to introduce its products (patented or off-patented) in Indian markets ties up with an Indian company which markets the product under its own label and in turn pays royalty to the global company. In some cases, however, the global company also has contract whereby the product is manufactured, distributed and sold entirely by an Indian company. This trend is increasingly visible in India.

**Exports to Semi/non regulated markets** : . The Indian pharmaceutical companies are leveraging on their strengths of low cost manufacturing and wide product portfolio to geographically diversify in countries that are classified as non regulated markets. These non regulated markets mainly consist of developing or underdeveloped nations of the world which have few or no laws governing patents and also lack sufficient drug manufacturing capacities to cater to their healthcare needs. As these markets are easy to access, many Indian pharmaceutical companies have successfully diversified across these geographies. These non regulated markets, however, are characterised by strict drug price regulations imposed by the local Government and intense price competition. Indian companies have an advantage as they produce quality drugs at lower costs. Another advantage that Indian pharmaceutical companies have is the ability to launch new products in various therapeutic segments which spurts the growth further.

**Contract Research & Manufacturing Services (CRAMS):** Perhaps the most sought after post-WTO strategy of the Indian Pharma Industry is the CRAMS opportunity that proposes to be the next big growth driver for the industry in the coming decade or so. CRAMS has its roots in the outsourcing & off-shoring strategy that is successfully being employed by the developed countries especially in the field of IT and ITes. India has a demonstrated ability. The country has a number of world class pharmaceutical manufacturing facilities, large patient population and cheap skilled manpower. All these attributes are attracting big global innovators and generic pharmaceutical companies to tie-up with Indian companies for production of formulations, bulk drugs and intermediates and also for conducting clinical research here. This trend is catching up as big global companies are shifting focus to high-value operations like marketing and passing on the less lucrative manufacturing operations to low cost destinations like India. Another reason for this trend to catch up further is that because of an ageing population in the developed countries the healthcare budgets of governments in US and Europe are going up and hence they are looking for cheaper generics as an option to lower drug costs. Also, as new drugs are becoming more difficult to develop, pharmaceutical companies are not able to sustain large R&D spending unless new blockbuster drugs are developed at a lower cost. All this points directly towards the opportunity CRAMS has to offer to IPI.

## **CRAMS – ADVANTAGE INDIA**

**The CRAMS opportunity is two-fold viz. contract manufacturing and contract research.**

**Contract Manufacturing** : In this arrangement, a global pharmaceutical company out-sources manufacturing of pharmaceutical products like patented and generic formulations, bulk drugs and drug intermediates to an Indian company who has a manufacturing facility that is approved by the regulatory authorities in the regulated markets like USFDA in the US. For Indian pharmaceutical companies it is an indirect route to enter into regulated markets and for the global company it is a strategy to reduce costs especially when there is pressure on them in the regulated markets to compete from low cost generics. The global contract manufacturing services market is estimated at US\$ 25-30 bn and is set to grow to US\$ 45 bn by 2010. Contract manufacturing in India is still at an early stage with just about US\$ 300 million worth of deals struck so far. However, it is estimated that the industry will generate US\$ 1 bn in revenues by 2010. Looking at this huge opportunity many small and midsize Indian pharmaceutical companies are spending on upgrading their manufacturing facilities so as to get them approved by regulatory authorities in US and European countries.

**Contract Research (CR) involves outsourcing of various activities related to R&D by the global pharmaceutical companies to Indian pharmaceutical companies and Contract Research**

Organisations (CRO) having interest or capabilities in certain key areas of R&D. It is becoming extremely difficult for innovation led global pharmaceutical companies to bear the high costs of R&D in a scenario where rate of introduction of new blockbuster drugs is decreasing continuously. Hence in order to reduce their costs and time to

market, the global pharmaceutical companies have started outsourcing key R&D activities to CROs in India. Some of the key activities include basic molecular research, gene mapping, drug discovery and managing clinical trials.

India is emerging as a preferred destination for CR as it has the following advantages:

- \_ Large patient base for conducting clinical trials
- \_ Abundant availability of talented scientists and professionals
- \_ Lower costs associated with conducting clinical trials
- \_ Reduced time to market for a new drug
- \_ Patent Law ensuring IPR protection

**Exports : Regulated Markets** :The biggest opportunity that the pharma industry is targeting right now is the huge generics opportunity in the regulated markets of US and Europe. This has risen from a significant number of blockbuster drugs going off-patent in the coming 4-5 years time. Once a patent of a drug expires then it is open for all generic manufacturers to produce and market that drug in the country where the patent has expired. It is estimated that by 2011 branded drugs worth US\$ 70-80 bn are going to lose their patents and they will be open for generic manufacturers' world wide to manufacture and market their generic versions. This represents a tremendous opportunity for global as well as Indian generic companies to cash-in on these developments. It requires a generic company to file necessary documents to USFDA in order to get approval for producing and marketing generics in the US. Similar filings are required in European countries as well and only after the regulator approves it, can company market generics in that country.

#### **Licensing & FDI Policy**

**Industrial Licensing:** Industrial licensing for all bulk drugs cleared by Drug Controller General (India), all their intermediates and formulations has been abolished, subject to stipulations laid down from time to time in the Industrial Policy, except in the cases of:

- a) bulk drugs produced by the use of recombinant DNA technology,
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#### **Union of India Budget 2007-08**

##### **Budget Proposals**

- Weighted deduction on in-house R&D expenditure extended for a period of five years
- Service Tax Exemption to DCGI2 approved CRO3s offering clinical trials for technical testing and analysis services for testing of new drugs
- Peak customs duty reduced to 10%
- Concessional rate of 5% customs duty plus Nil CVD on specified items extended to all research institutions registered with DSIR
- Additional 15 imported items for R&D purposes allowed to be imported at 5% customs duty.
- Increased budgetary allocation towards AIDS control and immunisation for Polio
- Rationalisation of fringe benefit tax (FBT) where distribution of samples excluded;

#### **Impact**

The budget has a positive impact on the pharmaceuticals sector. The reduction in peak customs duty on API and intermediates from 12.8 per cent to 7.7 per cent (inclusive of 3 per cent education cess) will have a marginally positive effect on pharmaceutical players. The extension of weighted deduction of 150 per cent for expenditure relating to in-house research and development for 5 more years until March 31, 2012 would provide further impetus to the R&D spend. The

clinical trials of new drugs are exempt from service tax, which will help India emerge as a preferred destination for drug testing. The increased focus on anti-AIDS and immunisation programmes is expected to benefit MNC players like Wyeth, GSK, and Novartis, along with large formulation players like Wockhardt, and Cipla who are fairly active in the vaccine space.

( Source : CRISIL)

## Overview

Elysium pharmaceuticalsLtd. (EPL) was established in the year 1995 as a formulation unit, situated at Dabhasa, 19 kms away from Vadodara city, Gujarat State, India. The Company commenced its manufacturing operations in the year 1997.

The Company is involved in manufacturing of sterile formulations like Liquid and Dry Parenterals, and non sterile formulations like Tablets, Capsules, Liquid orals, Ointment, Dry Syrups. Elysium is committed to maintain and improve the quality of manufactured products to meet customer satisfaction. The systems and technology are upgraded from time to time, through continuous training & updating. The various areas of training consist of technical as well as general training like quality awareness, communication skills, attitudinal training etc.

The company has a well documented procedure for receiving of raw material, packing and packaging material, its verification and releasing procedures. There are also documented procedures for materials dispensing, batch manufacturing, assurance of quality through in-process control, batch verification at various stages (filling, packing), by production and quality assurance, in-process release of batch from quality control & quality assurance and final batch checking and its dispatch to market.

The Company hosts state of the art manufacturing facilities which match the standards of US FDA, MCA and MCC. Apart from the above, the Company has been approved for sustained quality standards by the World Health Organisation (WHO) for Good Manufacturing Practices (GMP). The validity of which is until August, 2009.

EPL also has a separate facility for the manufacturing of  $\beta$  – Lactum cum Cephalosporin group of products and is manufacturing both for themselves and other Companies like **Glenmark and Cadila**.

Furthermore, the Company has been approved by the **Defense General Quality Assurance (DGQA)** as well as Quality Assurance for Supply of Medicines to the Railways.

## Company Highlights

- Approved by WHO for Good Manufacturing practices (GMP)
- Loan Licence agreements with:
  - Aventis Pharma (formerly Hoechst Marion Roussel Ltd.
  - Cadila Health Care
  - Torrent Pharmaceuticals
  - Glenmark Pharma
- Product Range: Antibiotics, Anti-inflammatory, Analgesics, Anti-ulcerants, Antioxidants, Vitamin & Mineral supplements, Cough preparations, Anti-allergics, etc.
- Workforce comprising of 104 technical / non-technical personnel and 335 trained workers
- Managed by academically and professionally qualified people
- Elysium Pharmaceutical Ltd. got approval from Ministry of Health, Kenya in April 2007 for directly exporting pharmaceutical products to Kenya.
- Elysium Pharmaceutical Ltd. got approval from Ministry of Health and Social Welfare, Tanzania in June 2007 for directly exporting pharmaceutical products to Tanzania.
- The company complied with all the requirements of WHO GMP and has obtained the 4th renewal of WHO GMP in September 2007. The plant is now approved till September 2009
- The Company has successfully executed an export order of Cephalothin Injection with Sterile Water For Injection to the Ministry, Costa Rica in March/April 2007.
- Major export manufacturing commenced for Glenmark Pharmaceuticals Ltd from May 2007.
- The Company commenced manufacturing of ISOVON Capsules and NIMEGESIC Tablets for ALEMBIC Ltd. for their export markets of Malaysia, Tadzhikistan, Sri Lanka, Kenya and Mauritius in June 2007.

- The Company commenced manufacturing of 'VALPARIN SYRUP', a global product of M/s SANOFI-SYNTHELABO, France under Aventis Pharma Ltd. in August 2007.
- The Company has tied-up with M/s Spirit Pharma, USA in August 2007 to export Senna-Docusate Tablets for the US market.
- The Company has tied-up with East India Pharmaceutical Works Ltd. (Kolkata) in September 2007 for manufacturing their products at Elysium.
- The Company has successfully completed 10 years of manufacturing of pharmaceutical products on contract basis for Aventis Pharma Ltd. (formerly Hoechst Marion Roussel Ltd.). Elysium started manufacturing of 'Daonil Tablets' for Aventis Pharma in September 1998. Elysium is currently manufacturing brands like Combiflam Tablets and Combiflam Suspension, Allegra Suspension, Hostacycline Capsules, Novalgin Injection, Baralgin M Injection, Avil Injection for Aventis Pharma Ltd.
- Besides this, the Company still manufactures for Cadila Pharma, Torrent, and other reputed nationally acclaimed pharmaceutical Companies.
- Company is into this industry for last 10 years and intends to leverage the competitive strengths to become a strong player in the Industry.
- Company has a proven track record in terms of turnover and profitability since 1997.
- Issue proceeds will be partly utilised for repayment of long term debts, resulting into substantial cut down in finance cost.
- The company has a state of an art manufacturing unit along with garden which ensures clean, dust free environment which is appreciable in case of pharma industry. Air curtains and insect killer also have been provided at entrances.
- Extensive Product Range: Antibiotics, Anti-inflammatory, Analgesics, Anti-ulcerants, Antioxidants, Vitamin & Mineral supplements, Cough Preparations, Anti-allergics, etc.
- Company has a strong technically qualified management team and a skilled and motivated work force
- Company believes that with the good technical base, lower overheads, international standard manufacturing facilities have shown consistent growth in revenues and profits.
- Approved by WHO for Current Good Manufacturing practices (CGMP)
- Production agreements with top players in pharma sector including multinationals.

## **Business Model & Strategy**

**Company Vision:** To become a leading player in domestic and export markets of generic formulations

**Mission:** To develop generic formulation facility complying with Global Regulations serve markets both Domestic and International with products of premium quality and optimum pricing.

The Company essentially derives its revenues in the following manner:

### **1. Contract Manufacturing**

Involves manufacturing products for other Companies. All materials (raw materials and packaging) are supplied by the client companies. In this case, EPL is responsible, only for providing the manufacturing facilities and the revenues are in the form of conversion and packing charges.

### **2. Third Party Manufacturing**

Involves manufacturing products for other Companies. However, in this case, EPL's responsibility, not only entails in providing of manufacturing facilities but also sourcing of all materials (raw material and packaging material) required for manufacturing. EPL bills the customer on cost plus profit including excise and VAT.

### **3. Ethical Products Manufacturing**

Involves production, marketing and sales of EPL's own products.

All of the above products are generic formulations (beta lactum and non-beta lactum products), however products manufactured under Category 1 and 2 above done so under the Client Company's Brand Name, whereas the products manufactured under Category 3 i.e. Ethical Products are produced and marketed under EPL's Brand Name.

To achieve its mission the Company intends to adhere to the following strategies:

### **Economize Operations**

To thrive in a highly competitive generic formulation industry / market, the Company intends to focus on reducing manufacturing costs, thereby protecting its profit margin.

### **Enter New Markets**

In order to explore and reduce its dependence on the domestic market, the Company plans to export to regulated markets by setting up a MHRA facility.

### **Innovate and Enhance Technology**

The Company, so as to enable continuous improvement in manufacturing and stay in line with WHO GMP and other certifications, intends to stress on innovation and invest in the latest production technology. This will have a significant impact on the economy of the operations as well.

### **Improve Human Resource Management**

The Company, has identified its employees to be an important and integral part of the system, and therefore has laid emphasis on nurturing / developing its human resources via training, teamwork assignments, monitoring, performance appraisal, feedback counseling, etc.

### **Lay more emphasis on Corporate Social Responsibility**

The Company, understands the prime importance of Corporate Social Responsibility, and therefore will ensure a 100% commitment to provide a safe, clean and hygienic environment. The Company will comply with all local and national environmental laws and regulations, continually.

### **Major Customers**

- Sanofi Aventis (formerly Hoechst Marion Roussel Ltd.)
- Torrent Pharmaceuticals
- German Remedies
- Asence Inc.,
- Zydus Cadila Ltd.
- Glenmark Pharmaceuticals Ltd.

- Nicholas Piramal Ltd.
- Ved Pharmaceuticals Pvt. Ltd
- Clarion India

**Export of Drugs:**

Some of the Company’s products under Loan license and third party manufacturing are ultimately exported to various countries by the customers with whom the company has loan licensing agreements and third party manufacturing agreements. Viz.,

- Export to CIS countries by Sanfoi Aventis.
- Export to South Africa by Clarion India.
- Export to Zimbabwe, Philippines, Vietnam by Torrent Pharmaceuticals Ltd.
- Export to Philippines by Asence Inc.

Some of the major formulation products for the Export Market are:

- Baralgin M Injection
- Domstal Suspension
- Herpex Cream
- Fluconazole Capsules
- Atenolol 50 Tablets
- Metformin Hydrochloride Tablets

**Names of The Principal Products**

<b>Easyplex Syrup</b> <b>Easyplex Forte Tablet</b> <b>Feel Plus</b> <b>Capsule</b>	<b>Eldroxil Dry Syrup</b> <b>Eldroxil DT Tablet</b> <b>Eltax Dry Powder (Inj.)</b> <b>Elzone Dry Powder (Inj.).</b>	<b>Sucrazen Suspension</b> <b>Sucrazen O’</b> <b>Elcodin Syrup</b>
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**A: CONTRACT MANUFACTURING :** The company is having the contract manufacturing facilities for following companies

- **SANOFI AVENTIS LTD. ( FORMERLY HOECHST MARION ROUSSEL LTD. )**
- **NICHOLAS PIRAMAL ( I ) LTD. (FORMERLY RHONE POULENC ( I ) LTD.)**
- **TORRENT PHARMACEUTICLAS LTD.**
- **SANOFI SYNTHELABO ( PRESENTLY SANOFI-AVENTIS)**
- **GERMAN REMEDIES LTD. (FORMLY ASTRA-ZENECA )**
- **ELDER PHARMACEUTICALS LTD.**
- **CADILA HEALTHCARE LTD.**
- **CLARION INDIA**
- **ASENCE INC.**

**B: THIRD PARTY MANUFACTURING:** The company has entered into Third party manufacturing contracts with the following companies

- **NICHOLAS PIRAMAL ( I ) LTD. (FORMERLY RHONE POULENC ( I ) LTD.)**
- **BAYER PHARMACEUTICALS PVT. LTD.**
- **SARABHAI PIRAMAL INDIA LTD.**
- **CADILA HEALTHCARE LTD.**
- **GERMAN REMEDIES LTD.**

**C: ETHICAL PRODUCTS**

<b>Sr.</b>	<b>BRAND NAME</b>	<b>GENERIC NAME</b>
1	Aerobact Injection 2 ml	Amikacin Sulphate 100 mg / 250 mg / 500 mg per 2 ml

2	Atenolol Tablets	Atenolol 100 mg
3	Bulldose TZ Suspension	Ofloxacin + Tinidazole
4	Bulldose TZ Tablets	Ofloxacin + Tinidazole
5	Bulldose Tablets	Ofloxacin 200 mg / 400 mg
6	Cetirizine Hydrochloride Tablets	Cetirizine Hydrochloride
7	Ciprel T Tablets	Ciprofloxacin Hydrochloride + Tinidazole
8	Co-trimoxazole DS Tablets	Trimethoprim + Sulphamethoxazole
9	Chloroquine Phosphate Injection	Chloroquine Phosphate 64.5 mg / ml
10	Dexamethasone Injection	Dexamethasone Sodium Phosphate 2 ml / 10 ml
11	Diclozen Tablets	Diclofenac Sodium + Paracetamol + Chlorzoxazone
12	Diclofenac Sodium & Paracetamol Tablets	Diclofenac Sodium + Paracetamol
13	Donex Tablets	Ibuprofen + Paracetamol
14	Donex Forte Tablets	Ibuprofen + Paracetamol
15	Easyplex Drops 15 ml	Multi Vitamins
16	Easyplex Forte Tablets.	Multi Vitamins+Multiminerals+Antioxidants
17	Easyplex Syrup 200 ml.	Multi Vitamins+Zinc+L-Lysine
18	Easyplex Injection 2 ml.	Multi Vitamins+Multiminerals+Antioxidants
19	Elcet Tablets	Cetirizine Hydrochloride 10 mg
20	Ecin Tablets	Erythromycin Stearate 250 mg
21	Elclave Injection	Clavulanate Potassium + Amoxicillin Sodium Injection 300 mg / 600 mg / 1200 mg
22	Elclox Injection	Ampicillin Sodium + Cloxacillin Sodium
23	Elcid Tablets	Dried Aluminium Hydroxide + Dried Magnesium Hydroxide + Simethicon
24	Eldox Capsules	Doxycycline Hydrochloride 100 mg
25	Eldox Tablets	Doxycycline Hydrochloride 100 mg
26	Eldroxil Dry Syrup	Cefadroxil 125 mg / 250 mg
27	Eldroxil Tablets	Cefadroxil 250 mg / 500 mg
28	Elol Tablets	Atenolol 25 mg / 50 mg / 100 mg
29	Eltax Injection	Cefotaxime Sodium 250 mg / 500 mg / 1 gm
30	Elzone Injection	Ceftriaxone Sodium 250 mg / 1 gm
31	Elmycetin Capsules	Chloramphenicol 250 mg
32	Elcycline Capsules	Tetracycline Hydrochloride 250 mg / 500 mg
33	Elcipro Tablets	Ciprofloxacin Hydrochloride 250 mg / 500 mg
34	Elceph Capsules	Cephalexin 250 mg / 500 mg
35	Elprim Suspension 50 ml	Trimethoprim + Sulphamethoxazole
36	Elprim SS Tablets	Trimethoprim + Sulphamethoxazole

37	Elprim DS Tablets	Trimethoprim + Sulphamethoxazole
38	Eltizole Tablets	Tinidazole 300 mg
39	Elicillin Injection	Ampicillin Sodium 500 mg
40	Elcodin Cough Syrup	Codeine Phosphate + Sodium Citrate + Chlorpheniramine Maleate
41	Feel Capsules	Haematinic liquid + Calcium + Protein + Minerals
42	Feel Liquid	Haematinic liquid + Calcium + Protein + Minerals
43	Ferrous Sulphate Tablets	Ferrous Sulphate
44	Gentact Injection	Gentamicin Sulphate Injection 2 ml / 10 ml / 20 ml / 30 ml
45	Metoclopramide Injection	Metoclopramide
46	Nopidol Injection	Tramadol Hydrochloride 50 mg / 100 mg
47	Nopidol Capsules	Tramadol Hydrochloride 50 mg / 100 mg
48	Numel Suspension	Nimesulide 50 mg / 5 ml
49	Numel Tablets	Nimesulide 100 mg
50	Omel Capsules	Omeprazole 20 mg
51	Purant In Injection 2 ml	Ranitidine Hydrochloride 25 mg / ml
52	Paracel Tablets	Paracetamol 500 mg
53	Paracetamol Tablets	Paracetamol 500 mg
54	Rubor Injection 3 ml	Diclofenac Sodium 25 mg / ml
55	Ranitidine Tablets	Ranitidine Hydrochloride 150 mg
56	Ranitidine Hydrochloride Injection 2 ml	Ranitidine Hydrochloride 25 mg / ml
57	Sucrazen O Suspension	Sucralfate + Oxethazaine
58	Sucrazen Suspension	Sucralfate 1 gm / 5 ml
59	Ulox Tablets	Amoxicillin Trihydrate 125 mg / 250 mg
60	Ulox Capsules	Amoxicillin Trihydrate 250mg / 500 mg
61	Wormizole Tablets	Albendazole 400 mg

**Products in pipe line**

Sr. No.	Name of Product	Combination
1	ELCET – P TAB	Levecetrizine 5mg Dihydrochloride Phenyl Propanolamine HCL 25mg Paracetamol 500mg
2	EASYPLEX PLUS SOFT GEL CAP	Omega 3 Fatty Acid 500mg Mecobalomin 750mg (150mg) Alpha Lipoic Acid 50 mg Vitamin E 25 IU Vitamin C 100mg Dolic Acid 1.5mg Vitamin B6 1.5mg Selenium 150 mg Chromium 200mg Zinc 7.5mg Manganese 1.5mg Copper 1.5mg
3		COLOSTRUM 500mg CAP
4		COLOSTRUM SYR 5mg/ml, 60ml
5	BULLDOSE – O TAB	Ofloxacin 200mg+ Ornidazole 500mg
6	BULLDOSE – O SUSP	Each 5ml Contains: Ofloxacin 50mg Ornidazole 125mg (each 5ml)
7	SUCRAZEN TAB Chewable	Sucralfat 1gm
8		Biotin 5mg
9	FRELUNG TAB	Sulbutamol Sulphate Equiv. To Sulbutamol 4mg Etyphylling 200mg Bromacexacing HCL 16mg
10	OMEL – O CAP	Pentoprazole 40mg+ Dompridae 10mg
11	E-Scal Tissue Adhesive	n-Butyl cyanoacrylate
12.	Elcave Dry Syrup and Injection	Amoxycillin with Clavulanic Acid

**Licensed Capacity** is not applicable as industrial licensing has been abolished for all Bulk Drugs, Intermediates and their formulations vide Press Note No. 4 (1994 Series) dated 25<sup>th</sup> October, 1994 issued by the Department of Industrial Development, Ministry of Industry, Government of India:

**Manufacturing Capacity** : Units in lacs)

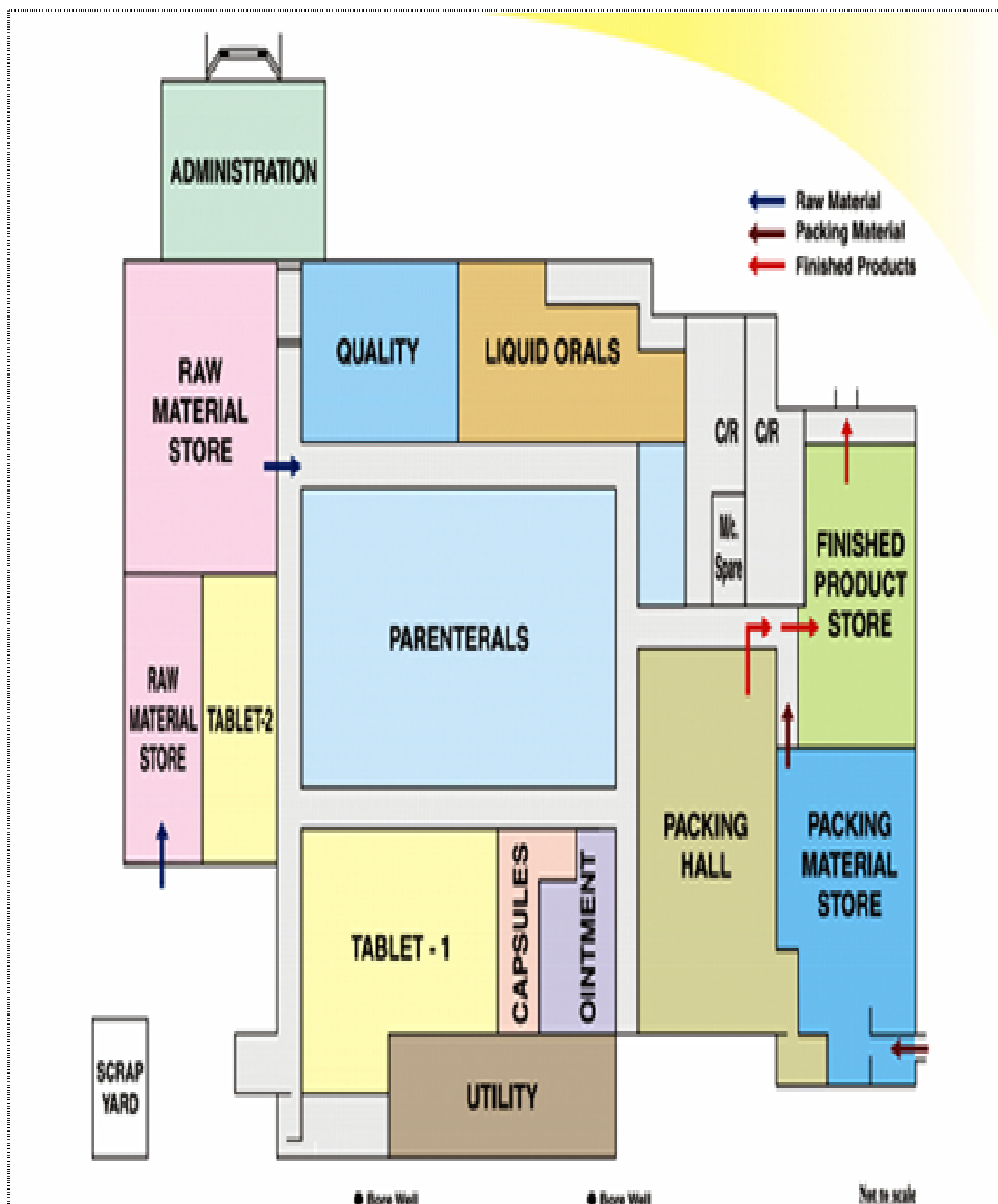
Department	Non $\beta$ -Lactum	$\beta$ -Lactum	Total
Tablet Compressed	625	125	750
Tablet Coated	130	-	130
Capsules	112.50	112.50	225
Liquid	7.50	-	7.50
Ointment	5	-	5
Dry Syrup	-	6.25	6.25
Dry Parenterals	-	10	10
<i>Liquid Parenterals</i>			
Liquid Ampoules	37.50	-	37.50
Liquid Vials	7.50	-	7.50

Note: Capacity calculated per shift for 25 working days per month

The Company manufactures all types of dosage forms. The installed capacities of all types of dosage forms are mentioned below.

DOSAGE FORM	INSTALLED CAPACITY / 2 shifts
<b>Injectable</b>	
a. Liquid Vials/ Ophthalmic Drops	60,000 vials
c. Liquid Ampoules	3,00,000 Ampoules
d. Dry Powder Injection	80,000 vials
Liquid Orals	60,000 Bottles
Ointments	40,000 Tubes
Capsules	18,00,000 Capsules
Tablets	60,00,000 Tablets
Dry Syrups	50,000 Bottles

**The Process flow:/ Manufacturing Process**



All manufacturing operations are carried out under the supervision of competent technical staff. Before processing any operation, work area and equipments are cleaned and made free from any previous product residues. Employees / visitors have to go through various formalities before entering the plant.

The material is received in stores and transferred to Quarantine Area. After sampling, material is transferred to UNDER TEST area. After Quality Control (QC) results, the material is transferred to either APPROVED or REJECTED area based on status given by QC. The material is dispensed from Approved stock as per batch issuance requisition. The RM dispensing is done under Class A area with background clean area. The dispensed material is checked by production and cross checked by QA. The manufacturing is done in clean area as per Good Manufacturing Practices. The bulk, after quality control release, is used for filling or compression. The in-process checks are done by production and QA chemist. The intermediate product gets transferred to packing after QC release. In the production area, primary packing materials such as USP type I glass ampoules / vials, USP type III glass vial, HDPE bottles etc. are used. The primary packing of tablets & capsules is done in classified area and secondary packing of all the dosage forms done in unclassified area. The packing activity is supervised by production and assured by QA chemist. The first impression of coded material is checked by production and cross checked by QA. The final packed batches are checked by QA chemist, batch record and Certificate of Analysis is reviewed by QA manager prior to dispatch.

The company has installed a computerized system to store data for material inventory, purchase, receipt, stocks, quality control sampling, approval, rejection, material issuance product / batch-wise etc. In the ERP system, raw materials are issued on a FIFO/ FEFO basis. The materials stock cards and receipt records are maintained by software with necessary back up. The batch material issuance is through computer system. All software users are given different logins & passwords. The rights for data entry are given to user categorically for routine work. The right to delete / update the master is reserved with managers. In case of computer failure, there is a system for manual data generation. After the computer system is repaired all data is re-entered with the help of system engineer and records are updated accordingly. The history file for changes in computer system has been maintained by software system engineer as and when required. The computer is password protected and a virus control system is operative. A backup is taken on floppies and on server routinely by system engineer.

### **Quality Control (QC)**

The company has separate quality control department. In QC dept. there are separate areas designated for chemical tests, instrumental analysis and microbiological analysis. The quality control is responsible for testing of water used in premises, sampling, testing and release of raw materials, packing materials, finished products, intermediates, calibration of the glassware and instruments, preparation, standardization and maintenance of working std., reagents & volumetric standard. SOP's are prepared and updated as and when required. The testing of mentioned items is performed as per respective specification. The QC department prepares analytical product review, stability studies with necessary documentation and specification for RM, PM and FG as required. Records of instrument calibration are maintained by the QC department.

The Company had successfully completed the expansion program of the Quality Control Department during the year, to double the existing area to include a separate stability area.

### **Self-Inspection**

An inspection team comprising of representatives from Quality Assurance and Production carries out audit of different areas like Stores, Production, Packing, Quality control and Quality Assurance. The non-conformity in system and procedure is listed and shared with concerned department head. The audit involves assessment of integrated operations, procedures, systems and documentation within a department and review of the same. All minor non-compliance points are complied with on an immediate basis. For all major / critical points, action plans are made by persons responsible for the respective points.

### **Inspection by National and Foreign Regulatory Authorities**

- WHO GMP Inspection in March 2005
- Audit by Asence Inc., Philippines in August 2004
- Audit by Aventis Pharma Ltd. in September 2003
- Zimbabwe MOH (for Torrent Pharmaceuticals Ltd.) in 2002
- International Audit by Bayer's AG – Germany in February 2002
- WHO GMP Inspection in February 2002/ISO 9002-1994 Audit in December' 2001
- Approval DGQA, Central Govt. of India in 2001 (Defense General Quality Assurance)
- International Audit by Hoechst Marion Russell Ltd., Germany In 1999
- International Audit by RHONE POULENC, UK in 1998

### Loan Licence Manufacturer Licensee

A pre-audit is conducted for site approval by the loan license (LL) manufacturer. The LL manufacturer deputs its representatives from Quality and Production to the manufacturing site. During their production, GMP (Good Manufacturing Practice) at manufacturing site is ensured by their representatives. The site is audited by the senior-most authorities of the LL manufacturer, at regular intervals. Following which, recommendations are made for updating the System and GMP. In response, the manufacturing site needs to comply within stipulated time.

### Distribution, Complaints and Recalls

#### Distribution:

The released products (labeled 'RELEASED' in green colour) are dispatched to various consignee agents. All the released finished products are distributed on a First-In-First-Out (FIFO) basis. The Company maintains delivery challans and a register to record distribution details of each supply in order to facilitate prompt and complete recall of the batch if necessary.

#### Complaints:

The complaints received from market are forwarded to the QA manager. The QA and Production managers record the details and prepare detailed analysis report for the complaint, listing corrective / preventive action. The list is distributed to the production department. Implementation is verified and ensured by QA.

#### Recalls:

In case of adverse reaction at market place, regulatory proven notification for substandard drug or based on stability observation, the product will recall from the market. The product recall document will be initiated by QA manager. He will inform marketing manager, regulatory authority. QA and marketing manager will ensure complete recall of the product.

### Infrastructure

The Company is located in a lush green agricultural and horticultural area. The Total Land area is 25000 sq. mts. Total built up area is 8000 sq. meters – 7000 sq. meters for plant 1 (non B-Lactum) and 1000 sq. meters for plant 2 (B-Lactum).

A large garden in front of the building provides a clean, dust-free environment whereas the farms surrounding the plant site facilitate a dust-free air supply. Air curtains and insect killer have been provided at entrance.

The details of different areas in plant are as follows.

Sr.	Area	Size in square meters
1	Tablet – I	285.00
2	Tablet – II	175.00
3	Capsules	65.00
4	Ointment	90.00
5	Liquid Orals	230.00
6	Central Packing	360.00
7	Parenterals	590.00
8	Corridor	370.00
9	Change Rooms	160.00
10	Quality Control /Assurance	200.00
11	Raw Material Stores	585.00
12	Packing Material Stores	1103.00
13	Finished Product Stores	295.00
14	Utility	230.00
15	Service Floor	910.00
16	Animal House (For Rats)	10.00
17	Staff Dining Room	190.00
18	Workers Dining Room	130.00
19	Administration Block	450.00
20	Time Keeping	15.00
21	B Lactum	1000.00

**Premises:**

The premises are well maintained with natural / artificial light and effective ventilation. The plant is designed to have logical and unidirectional movement of men and materials. A separate materials and men entry area is provided in each department. The production layout of all the dosage form is common. In the production layout, there are separate cubicles for day store, manufacturing, filling and quarantine. The material movement and equipment placement is orderly and logical order, to maintain cleanliness in the area, and to avoid the risk of mix-ups, prevent possibilities of contamination and cross contamination. The ground floor structure of building is constructed of RCC. The flooring is of Kota stone, mirror polished, with epoxy joints. Wall and ceiling are painted with weather proof paints. Walls and floors are epoxy painted in the critical processing and aseptic areas. The ceiling height is 8 feet from the floor in the entire plant. Glass windows are installed in each department.

**Ventilation Systems:**

The air supply to production, quality control and warehouse is from dedicated air handling systems. The air supply to different dosage forms and various processing area is through a different system. In the hot area, ventilation and exhaust systems are installed to reduce risk of airborne contamination.

The air supply to parenteral area is from dedicated system. The Parenteral area is classified in four classes, namely Class A, B, C and D. Aseptic filling is done under Laminar Air Flow Units (Class A), with background area of Class B. The aseptic filtration, sterilized container and equipment unloading is performed in same class (Class B). The aseptic area entry airlock is Class C, with interlocking arrangement. The Parenteral bulk manufacturing area and washing area is Class C (clean area). The clean area (Class C) entry airlock is Class D with interlocking arrangement. In the parenterals processing area, required differential pressure and air changes are maintained. The air supply to Class B & C is through dedicated AHU; additionally terminal HEPA filters are installed in the area. In aseptic area or clean area, no hazardous material or products are handled.

**POWER SYSTEMS**

The Company has a non-continuous / high-tension connected load of 475 KVA from GEB. The Company also has permission for 125 KVA to be operated on a continuous basis. As a standby arrangement the Company has a DG Set of 180 KVA.

**Water systems:**

Purified Water is generated in-house from source water (step-down bore wells). Bore-water is converted to Reverse Osmosis (RO) water after subsequent staging. RO water is converted to Purified Water with resin treatment (Cation, anion and mixed bed resins) Ultra violet light is installed at the point of Purified water storage tank, to control bacterial load in storage water. Purified water (HOT) is used for non-sterile products manufacturing, equipment and container washing of parenteral products. Purified water is converted to 'Water for Injection' in a multicolumn distillation plant. 'Water for injection' is collected into SS 316 jacketed Storage tank (temperature maintained above 80°C). A circulation loop is installed between the user point to Purified water and 'Water for Injection' Storage tank. The storage tank, circulation loop and pipelines are sanitized every 15 days with clean steam. The water quality is checked regularly as per sampling plan.

**Details of Energy and Utilities:**

- **Power Supply:** 475 KVA HT connection From GEB grid
- **Generator standby for critical areas:** 180 KVA
- Uninterrupted Raw Water Supply from Tube well (Bore well) (Water quality tested & acceptable)
- **R.O. Plant Capacity:** Flow Rate/h = 3m<sup>3</sup>
- **DM Water Plant Capacity:** 125 m<sup>3</sup> (per regeneration), Flow Rate/hr=3m<sup>3</sup>
- **Storage Tank capacity:** 5000 ltrs - RT, 1000 ltrs - 80°C
- SS 316 loop up to user points
- 'Cold loop' between DM Water Storage Tank & DM Water Plant
- **Boiler Capacity:** 3000 kg/hr (IBR)
- **Water for Injection:** Capacity - 300 l/hr + 500 l/hr, Storage capacity = 3000 L at > 80° c, SS 316 loop up to user points
- **Air Compressor (Oil free):** 100 CFM (2 Nos.), Storage tank capacity 135 Cu.Ft. Pressure 7 kg/cm<sup>2</sup>, Filters on line at user point, Clean air unit with Alu.Silica for removal of traces of moisture
- **Gases:** O<sub>2</sub>, N<sub>2</sub>, LPG Supply from manifold from Cylinder Shed.
- **Vapor Absorption System:** 360 tons
- **Brine:** 80 tons

### **Equipments**

All manufacturing equipments or instruments are made of S.S. 316 or suitable inert material, which if in direct contact with the product, will not adversely affect product quality. At the time of product changeover the machine / equipment of manufacturing, compression, filling and coating are disassembled and cleaned thoroughly as per respective machine cleaning SOP. Equipment clearance is obtained from Quality Control at the time of product change over. In case of product changeover, line clearance is obtained from Quality Assurance dept.

Critical equipments like dry Heat Sterilizer, Autoclave, and Sterilizing Tunnel etc. are operated through PLC system. These systems are with thermograph recorder / printer. The liquid oral manufacturing tanks are equipped with temperature indicator and pressure gauges. In all other equipments wherever required, temperature gauge / indicator and pressure gauge of suitable range are installed. All the processing equipment and accessories are qualified at defined frequency.

In the Quality Control, sophisticated instruments like HPLC, FTIR, and Ultra Violet spectrophotometer are installed with printing facility. Quality control also consists of a separate microbiology department with separate incubator room, sterility test area, media preparation room, and microbial limit test area. An albino mice colony is maintained in an animal house, away from QC and production area.

### **Validation, Qualification and Calibration:**

All new equipments are checked for Design, Installation, Operational and Performance Qualification before production use. The equipment / machine then is re-qualified incase there is a major change. The regular processing equipment like Autoclave, Dry heat sterilizer, Tunnel etc. are re-validated at defined frequency. The equipment validation and calibration is performed by an internal team, comprising of representatives from production, QA and Engineering departments. Any deviation in equipment revalidation / recalibration, from schedule shall be permitted by QA manager .The equipment after validation can be used only subsequent to getting final certification from QA manager. The Re-validation plan is prepared by Quality Assurance Department and adherence to plan is monitored by QA manager. Validation reports of all equipments shall be maintained by QA department and copy of same by the concerned department. All the major processing equipments are taken for preventive maintenance on weekends / shutdown. The documents of preventive maintenance are maintained by the engineering department.

### **Sanitation:**

The manufacturing and processing areas, drains etc. are cleaned and sanitized as per respective departmental SOP. The cleaning agents and disinfectants, used for equipment / area cleaning, are tested and approved by quality control prior to use. The disinfectants are rotated at regular intervals, as mentioned in SOP. The area cleaning methods are approved by Quality Control. The water system is sanitized with clean steam. The filters of air handling systems are cleaned with compressed air at the frequency specified in respective SOP. Environmental monitoring is done by settle plate, quantitative air sampling, contact plate of agar medium in non-sterile and sterile area.

### **Documentation:**

The primary responsibility for Document & Data Control, issue and changes is of the Quality Assurance department. A master list of all SOP, batch record etc. identifying latest revision status of each document remains with Quality Assurance.

Quality Assurance (QA) ensures the latest documents at all locations. Changes in documents and data are reviewed by the same functional authorities. The documents are changed / revised only if there is a Revision in Master formula / process or Revision in regulatory notification. The changes are made effective with the details of changes in the History sheet of SOP. After changing the document, "Void" documents are removed, revised documents implemented. The "master copy" is kept with "VOID" stamp and filed in obsolete document file. All controlled copyholders should submit previous copies to QA. QA will destroy earlier revisions after issue of latest revision.

The master batch manufacturing record is prepared and approved by production and Quality Assurance. For each batch photocopy copy of batch record is issued by QA dept. The batch record moves with process. After reviewing batch record, final batch release is given. The batch records are retained for one year after expiry of product. Material receipt and issuance records are maintained for five years, which are related to excise.

The SOP's are available various dept. functioning e.g. Personal & Administration, Quality Assurance, Quality Control, Capsules, Tablets, Ointment, Liquid Orals, Packing, Parenterals, Stores [RMS/ PMS/ FPS] and engineering. The validation and calibration documents, training program, quality control testing specification, and instrument calibration, working standard records are available with concerned department.

## Manpower

Details of employees working on full time basis in different areas are as follows:

### I. STAFF

Sr. No.	CATEGORY	STRENGTH
1	General Manager	1
2	Managers	10
3	Asst. Managers	10
4	Officers	28
5	Chemists	40
6	Others	15
	<b>Total:</b>	<b>104</b>

### II. WORKMEN

Sr. No.	CATEGORY	STRENGTH
1.	Operators and Skilled Workers	85
2.	Semi Skilled Workers	125
3.	Unskilled Workers	125
	<b>Total:</b>	<b>335</b>

#### Environmental Aspects

The Company understands the importance of preserving and protecting the environment in and around the plant. It has been approved by the Gujarat Pollution control board (GPCB), Gandhinagar and has Consent orders from GPCB (valid until February 2009), with respect to Air and Water Pollution.

The process water effluent produced by the plant is treated in an effluent treatment plant (Capacity: 10000 liters). The Company has a separate neutralization tank, aeration tank and sedimentation tank, which are discharged into the effluent channel near the chemical zone. The clear water effluent is used in the garden on a daily basis. The Company has sufficient land for garden and farming so as to facilitate the effluent discharge.

The sewage effluent is collected in a septic tank separately (not mixed in the process water effluent).

Moreover, gas generated by the steam boiler is discharged at the height of 40 feet in the environment through a boiler chimney.

Water and gas analysis are periodically carried out by GPCB approved laboratory and the specifications and standards are maintained and results submitted to the regulatory authority.

The Company also has an Effluent Treatment Plant, which consists of a Primary Tank, Aeration Tank and Sludge Bed. The treated effluent is used for gardening and other domestic purposes.

#### Marketing

Currently, EPL markets its ethical products in the following domestic areas:

- Seven-sister North-eastern states
- West Bengal
- Orissa
- Jharkhand
- Andhra Pradesh
- Kerala
- Tamil Nadu
- Gujarat

The company also has a distribution channel in Nepal. The flow of stocks from the Central Warehouse at Vadodara follows the norms of IDMA and OPPI (with maintenance of cold chain).

The Company has 10 consignee sales agents. These agents are responsible for managing 210 stockists across the country, who in turn cater to the requirements of about 5220 retail outlets.

The Company has about 14000 clients across the country. Nevertheless, a substantial part of the revenues are generated by its approximately 1700 corporate clients. The Company's business also derives a sizable contribution from rate contracts with institutions like ESIC and other Government Hospitals / Research Institutes.

The Company's existing field force, spread over the country, comprises of 105 Professional Sales Representatives, 21 Area Sales Managers, 4 Regional Sales Managers, 1 Senior Divisional Manager and 1 Zonal Sales Manager.

**Plant Details**

**Land** : 25000 Sq. Mtrs

**Build-Up Area** : Plant 1 : Non Beta-Lactum  
7000 Sq. Mtrs +  
Plant 2 : Beta-Lactum  
1000 Sq. Mtrs  
Total : 8000 Sq. Mtrs.

**Location** : Located in Lush Green Agricultural Surrounding  
At Plot No. 1175, P.O. Dabhasa, Taluka Padra, District: Vadodara-391440

Our Indebtedness:

Sr. No	Name of Bank	Facility sanction	Amount (RS Lacs)	Outstanding Balance as on 18.09.2007 (Rs Lacs)	Important Terms & Conditions
1.	UTI Bank Ltd.	CC / EPC/ FPP	300 Lakhs	Nil	UTI Bank by its letter No.UTIB/VAD/CR/0506/1370 dated November 26, 2005 granted the loans (by modifying the earlier letter dated November 17, 2004). Rs.567.27 Lakhs. The important terms are a) tenor 66 months, b)
		Term Loan	565.27 Lakhs	412.53	
		Additional Term Loan	61 Lakhs	39.40	

		Further Additional Term Loan	39 Lakhs	25.19	<p>Repayment- 30 instalments starting from 31.10.2005, c) security first charge on movables and immovable properties, second charge on current assets, personal guarantees of Mr. Yashwant C. Patel, Mrs. Suhasini R. Patel and Mr. Navnikant A. Patel, d) interest BPLR - 1.75% i.e. presently 10.25% pa. payable monthly.</p> <p>a) Rate of Interest - i) CC - BPLR -2% (presently 10% p.a.) payable montly.</p> <p>b) Post shipment export bills:- BPLR 4% (presently 8% p.a.) for tenors upto 90 days and BPLR -3%, i.e. 9% p.a. in case of bills with tenor above 90 days, payable upfront.</p> <p>c) Export PC :- BPLR - 3% i.e. 9% p.a. payable monthly.</p> <p>d) Invoice Bill Discounting :- BPLR 4% (presently 8% p.a.) payable upfront for tenor upto 90 days. This facility will be restricted to supplied made to Aventis Pharma Ltd. German Remedies Ltd., Bayer Pharma Ltd. and Clarion Ltd.</p> <p>e) Margin - 25% on stock / book debts. Non moving stocks (over 6 months) not to be counted for DP Max cover period for book debts; 90 days.</p> <p>10% on export bills discounted, 10% on invoice bills discounting. Max Tenor 90 days.</p> <p>Security :- Primary - Pari - passu first hypothecation charge on the current assets, present and future, of the Company.</p> <p>Collateral security : - Pari - passue second hypothecation charge on all the movale fixed assets of the Company present and future.</p> <p>Pari-passu second equitable "Mortgage chargon all the immovable properties of the company present and future.</p> <p>Personal guarantees of Y. C. Patel, Mrs. Suhasini R. Patel, Mr. Navnikant A. Patel.</p>
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		EPC / PSC Limit	100 Lakhs	Nil	<p>EPC / Rupee Export Packing Credit / PSC. Limit - Rs.100 Lakhs, Rate of Intrest – For Rupee Export Packing Credit. Upto 180 days : BPLR – 4.00% i.e.10.00% p.a. payable monthly, EPC advances will be restrained to 180 das. For advances beyond 180 days and upto 270 dates, rate charged will be at BPLR.</p> <p>For PCFC : LIBOR + 100 basis points.</p> <p>For Post Shipment Credit (tenor upto 120 days) : BPLR – 4.00% i.e. presently 10.00 % p.a payable upfront.</p> <p>Usance bills beyond 120 days upto 180 days – 11.50% (BPLR – 2.50%)</p> <p>Overdue Bills :- 14.00% p.a. (BPLR)</p> <p>Margin – For Export Packing Credit:  15% on FOB Value of orders. Drawing power for EPC will be within the overall drawing power of the cash credit facility.</p> <p>For Post Shipment Credit : 10% margin</p> <p>Security :- Primary – First hypothecation charge on the entire current assets of the company, including stock and book debts, on pari passu basis with Bank of Rajasthan &amp; State Bank of India.</p> <p>Collateral : - Second Charge by way of equitable mortgage on entire fixed assets, movable as well as immovable of the Company, present &amp; future, on pari passu basis with Bank of Rajasthan &amp; State Bank of India.</p> <p>Guarantee :- Personal Guarantee of Shri Yashwant C. Patel, Mrs. Suhasini Patel and Shri Navnikant A. Patel.</p>
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2.	SBI Factors And Commercial Services Pvt. Ltd.	Factoring purchase limit of Rs.300 Lakhs.  Prepayment limit of Rs.240 Lakhs.	Rs.300 Lakhs  Rs.240 Lakhs	Nil  nil	<p>Margin 20% Factoring Service Charge – CRA Rating – FR2 Proposed Rate – 13.50</p> <p>Service Tax – The handling charges (previously known as service charge) is fixed on the basis of projected turnover. The present handling charges levied by us montly are as under :-</p> <p>Sr. No. Turnover Handling charges</p> <p>1. 10 times and above of the prepayment limit 0.10 ps %*</p> <p>2. 5 times and below 10 times of prepayment limit 0.20%*</p> <p>3. Below 5 times of the prepayment limit 0.30%*</p> <p>* with a minimum of Rs.50/- per invoice.</p> <p>Penal Interest – Pental interest will be charges @ 1% above FC raeif the irregularity is for 30 days or below abd @2% above FC rate if irregularity persists for more than 30 days.</p> <p>Security for prepayment – The prepayment facility will be secured by the following:</p> <p>i) All debts arising out of your sales transactions to approved parties will be assigned in our favour. The invoices raised on your approved customers to be covered under Prepayment Facility should bear the following legend printed thereon.</p> <p>Guarantee – a) Personal Guarantee 1. Shri Y. C. Patel. ii) Shri N. A. Patel iii) Smt. S. R. Patel.</p>
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3.	State Bank of India	Fund based			The terms and conditions are contained in sanction letter dated 12 <sup>th</sup> April, 2006
		Cash Credit	415 Lakhs (since reduced to 225 Lakhs)	227.89	<p>Facility  CRA  Pricing  WC  SB-6  Corresponding to CRA rating of SB-6  WCTL  SBTL-6  Corresponding to CRA rating of SB-6  Repayment - Cash Credit will be repayable on demand  Margin  <b>Facility Margins</b>  Existing  Proposed  Raw Material  25%  25%  Stock-in -process  40%  40%  Finished Goods  25%  25%  Stores &amp; Consumables  40%  40%  Receivables (cover period 90 days)  50%  50%  Letters of Credit  25%  25%  Bank Guarantee  15%  15%  Guarantee  <b>Sl. No. Name of the Guarantor</b>  1. Shri Yashwant C. Patel  2. Shri Navnitkant A. Patel  3. Smt Suhasini R. Patel</p>

		Non – Fund Based	58 Lakhs	10.97	<p>Security –</p> <p>i) Primary <b>Facility Primary</b>          CC (Hyp)          Pari passu hypothecation charge over entire current assets of the company consisting of raw materials, working in process, finished goods, stores &amp; spares and receivables (other than charged to SBI Factors Ltd.) etc., both present and future along with Bank of Rajasthan.</p> <p>ii) Collateral Security</p> <p>1. Extension of second charge over fixed assets of the company ranking pari passu with Bank of Rajasthan Elysium Pharmaceuticals Limited (EPL)</p> <p>2. Extension of EM over residential Flat No.4, Amarjyot Shopping Centre, Baroda ranking pari passu with Bank of Rajasthan Ltd. Nima printery</p> <p>3. Extension of EM over Flat No.5, Amarjyot Shopping Centre, Baroda (Our Baroda Main Branch hold the original charge for the limits of Rs.14.00 Lakhs sanctioned to one of the associates of the Company. Mrs. Suhasini R. Patel</p>
		Working Capital Term Loan	190 Lakhs	126.66	The Term Loan will be repayable in 36 instalments starting from 30 <sup>th</sup> April, 2006. The first twelve instalments of rs.3,33,350/- and the remaining 24 instalments of Rs.6,25,000/-.
4.	The Bank of Rajasthan Limited	Fund based			
		Cash Credit	75 Lakhs	74.90	The Bank of Rajasthan has by its letter No.56/CAD/2004 dated 18 <sup>th</sup> November, 2005 revised the limits and Letter NO.1423 dated 28 <sup>th</sup> November, 2005.
		Non – Fund Based			Interest - BPLR + 1.5% Repayment - Repayable in 48 equal instalments of Rs.1.25 Lakhs per month or 5% of the fresh credit which ever is higher. Interest on CC & WCTL be recovered monthly.
		Letter of Credit			
		Bank Guarantee			

		Working Capital Term Loan	60 Lakhs	30.80	<p>Security – first charge on the current assets of the Company lying at all factory sites of the Company i.e. Plot No.:1175, Village – Mouje, Po. Dabhasas, Tal. – Padra, Dist – Baroda – 391 440 as well as with consignee agents lying all over India of the Company (namely, stocks of Raw Material &amp; Packing Material, Stock in Process, Semi – Finished Goods, Stores and spares not relating to plant and machinery (consumable stores and spares), bills receivable, book-debts and all other movable excluding such movable as may be permitted to be so excluded by the SBI Consortium in their discretion from time to time, both present and future, wherever situated and a second charge, required by the SBI Consortium, on the Company’s immovable and movable assets (other than the current assets as mentioned above) both present and future as mentioned above and first charge over a shop situated at 4, Amarjyot Shopping Centre, Opp. Indra Complex, Sindhwaimita Road, Manjalpur, Baroda – 390 004, standing in the name of Nima Printery and a shop at 5, Amarjyot Shopping Centre, Opp. Indra Complex, Sindhwaimita Road, Manjalpur, Baroda – 390 004, in the name of Smt. Suhasini R. Patel.</p> <p>1. All Central Office instructions / RBI guidelines, wherever applicable, be complied with strictly, as per C. O. Circulars issued from time to time.</p> <p>2. Close / careful monitoring /follow up of the account on a regular basis.</p> <p>3. Report the development in the a/c on monthly basis. If any adverse features are observed, the same be reported immediately.</p>
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**Restrictive covenants of the loans agreements:**

We are availing loan facilities from State Bank of India, Bank of Rajasthan and Axis Bank and the Loan Agreements have certain Restrictive Covenants, which are as under.

1. The stocks to remain comprehensively insured from full value with agreed bank clause and original policy to remain with bank.
2. The immovable property taken, as collateral security shall be fully insured.
3. Company shall maintain a minimum current ratio of 1.33:1.
4. The company shall not without the prior written approval of bank
  - a) Effect any change in the capital structure
  - b) Formulate any scheme of amalgamation/ reconstruction
  - c) Undertake any new project/ expansion/ modernization scheme or make any capital expenditure other than those estimated or projected
  - d) Enter into borrowing arrangement either on secured or unsecured basis with any other bank/ FI/ borrower or otherwise.
  - e) Undertake guarantee obligation on behalf of any borrower / organization
  - f) Declare dividends for any year in case the accounts of the company remain irregular or any other terms & conditions remain uncomplished with
  - g) Create charge/ lien/ encumbrance on its asset/ undertakings or any part thereof in favour of any other bank/FI/ borrower/ firm or persons
  - h) Sell, assign, mortgage, alienate or otherwise dispose of any of the assets charged to the bank.
  - i) Enter into contractual obligations of long-term nature affecting the company financially to a significant extent.
  - j) Undertake any activity other than those indicated in the object clause of the memorandum.
  - k) Permit any transfer of the controlling interest or make any drastic change in the management set up.

**We have received consent letters from State Bank of India, Bank of Rajasthan and Axis Bank for proposed issue.**

**Insurance**

The Company keeps all critical immovable and movable properties duly insured. We maintain insurance policies with three Insurance companies viz., Bajaj Allianz General Insurance Company Limited, ICICI Lambard General Insurance and New India Insurance Company Limited to cover the following:

<b>A</b>	<b>Policy No.</b>	OG-08-2201-0415-00000003
	<b>Insurer</b>	Bajaj Allianz General Insurance Company Ltd.
	<b>Type</b>	
	<b>Policy Period</b>	From 01/05/2007 to 30/4/2008
	<b>Insured Premises</b>	Boiler and Pressure Vessel
	<b>Policy Sum Insured</b>	55,00,000

<b>B</b>	<b>Policy No.</b>	OG-08-2201-1055-00000011
	<b>Insurer</b>	Bajaj Allianz General Insurance Company Ltd.
	<b>Type</b>	Marine- Inland Transit – Anywhere in India
	<b>Policy Period</b>	From 01/05/2007 to 30/4/2008
	<b>Insured items</b>	Stocks, Packing material, stores consumables, raw materials
	<b>Sum Insured</b>	Rs.5,00,00,000

<b>C</b>	<b>Policy No.</b>	OG-08-2201-9902-00000036
	<b>Insurer</b>	Bajaj Allianz General Insurance Company Ltd.
	<b>Type</b>	Group Personal Accident
	<b>Policy Period</b>	From 18/05/2007 to 17/05/2008
	<b>Insured Premises</b>	
	<b>Policy Sum Insured</b>	Rs.5,09,13,624/Rs.10,18,27,248 comprehensive/basic

<b>D</b>	<b>Policy No.</b>	OG-07-2201-4001—00001313
	<b>Insurer</b>	Bajaj Allianz General Insurance Company Ltd.
	<b>Type</b>	
	<b>Policy Period</b>	From 21 Sept 2006 to 20 Sept 2007; Since requested for renewal for one year.
	<b>Insured Premises</b>	Stock of all type of Pharma products
	<b>Policy Sum Insured</b>	Rs.31,00,000

<b>E</b>	<b>Policy No.</b>	OG-08-2201-4001-00000275
	<b>Insurer</b>	Bajaj Allianz General Insurance Company Ltd.
	<b>Insured</b>	Elysium Pharmaceuticals Ltd.
	<b>Type</b>	
	<b>Policy Period</b>	1 <sup>st</sup> May 2007 to 30 <sup>th</sup> April 2008
	<b>Insured Premises</b>	Chemical Manufacturing Unit, Plot No.1175, At PO Dabhasa
	<b>Sum Insured</b>	Rs.27,52,35,000

<b>F</b>	<b>Policy No.</b>	GE00000049
	<b>Insurer</b>	Bajaj Allianz General Insurance Company Ltd.
	<b>Insured</b>	Elysium Pharmaceuticals Ltd. Employees
	<b>Type</b>	Group Gratuity
	<b>Policy Period</b>	9 <sup>th</sup> January 2007 to 08 <sup>th</sup> January 2008
	<b>Insured Premises</b>	
	<b>Initial contribution</b>	Rs.1,54,750

<b>G</b>	<b>Policy No.</b>	RCE0000333
	<b>Insurer</b>	Bajaj Allianz General Insurance Company Ltd.
	<b>Insured</b>	Elysium Pharmaceuticals Ltd. Employees Gratuity Schedule
	<b>Type</b>	Group Term Life Insurance Master Policy
	<b>Policy Period</b>	9 <sup>th</sup> January 2007 to 8 <sup>th</sup> January 2008
	<b>Sum assured</b>	23,64,654
	<b>Premium</b>	Rs.4,798/-

<b>H</b>	<b>Policy No.</b>	OG-08-2201-1801-00002170
	<b>Insurer</b>	Bajaj Allianz General Insurance Company Ltd.
	<b>Insured</b>	Elysium Pharmaceuticals Ltd.
	<b>Type</b>	Car – Rgn No.GJ6JJ1875
	<b>Policy Period</b>	21.05.2007 to 20.05.2008
	<b>Sum Insured</b>	Rs.60,000/-
	<b>Premium</b>	Rs.2957/-

<b>I</b>	<b>Policy No.</b>	OG-07-2201-1812-00000179
	<b>Insurer</b>	Bajaj Allianz General Insurance Company Ltd.
	<b>Insured</b>	Elysium Pharmaceuticals Ltd.
	<b>Type</b>	Commercial Vehicle Rgn No.GJ06X9082
	<b>Policy Period</b>	30.01.2007 To 29.01.2008
	<b>Sum Insured</b>	Rs.3,75,000/-
	<b>Premium</b>	s.15,521/-

<b>J</b>	<b>Policy No.</b>	
	<b>Insurer</b>	ICICI LOMBARD GENERAL INSURANCE
	<b>Insured</b>	Elysium Pharmaceuticals Ltd.
	<b>Type</b>	CITY RIDE 20 SEATER BUS
	<b>Policy Period</b>	13.11.06 To 12.11.07
	<b>Sum Insured</b>	Rs.6,56,066-
	<b>Premium</b>	Rs.17,570/-

<b>K</b>	<b>Policy No.</b>	221500/31/0-6/01/0006051
	<b>Insurer</b>	The New India Assurance Co. Ltd.
	<b>Insured</b>	Elysium Pharmaceuticals Ltd.
	<b>Type</b>	Car No. GJ-6AH8050 (HUNDAI ACCENT)
	<b>Policy Period</b>	21-03-2007 to 20.03.2008
	<b>Sum Insured</b>	Rs.300,000
	<b>Premium</b>	Rs.7,952/-

<b>L</b>	<b>Policy No.</b>	OG-07-2201-1802-00046913
	<b>Insurer</b>	Bajaj Allianz General Insurance Company Ltd.
	<b>Insured</b>	Elysium Pharmaceuticals Ltd.
	<b>Type</b>	Two Wheeler-Comprehensive – Rgn. No. GJ06EE9735
	<b>Policy Period</b>	14.12.2006 TO 13.12.2007
	<b>Sum Insured</b>	Rs.6500/-
	<b>Premium</b>	Rs.361/-

## 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 a 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 there under), 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 recognize 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 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.

#### **Introduction to UK medicines regulation.**

Although some form of medicine regulation has existed in the United Kingdom since the time of King Henry VIII, it was not until 1971 that a comprehensive regulatory system was introduced.

The new Medicines Act brought most previous legislation on medicines together and also introduced a number of other legal provisions for the control of medicines. It was an enabling Act providing for a system of licensing affecting manufacture, sale, supply and importation of medicinal products into the UK. It became unlawful to engage in these activities except in accordance with appropriate licenses, certificates or exemptions.

The UK was not the only country to control medicines in this fashion. Indeed, medicines control was an early area of activity of the European Economic Community (EEC). The first and basic EEC Directive to control medicines was introduced in 1965 (Directive 65/65/EEC). Requirements for the control of medicinal products by the Medicines Act matched those of existing European Directives and in some instances went beyond them (for example for clinical trials).

During the ensuing years the UK contributed, together with other Member States, to the development and updating of the EEC Directives in this area. European Community (EC) legislation now takes precedence over the Medicines Act, its Instruments and Orders, which are amended from time to time to align with new EC requirements.

The current relevant legislation is given in **Directive 2001/83/EC** relating to medicinal products for human use, amended by Directives 2002/98/EC, 2003/63/EC, 2004/24/EC and 2004/27/EC

Safety, quality and efficacy are the only criteria on which legislation to control human medicines are founded. It is the responsibility of the **Medicine and Healthcare products Regulatory Agency (MHRA)** and the expert advisory bodies set up by the Medicines Act to ensure that the sometimes-difficult balance between safety and effectiveness is achieved. MHRA experts assess all applications for new medicines to ensure they meet the required standards. This is followed up by a system of inspection and testing which continues throughout the lifetime of the medicine. Safety monitoring is also continuous and the MHRA also ensures that doctors and patients receive up-to-date and accurate information about their medicines. This is achieved by ensuring that product labels, leaflets, prescribing information and advertising meets the required standards laid down by the Regulations.

#### **Inspection (MHRA)**

Inspection of research, development and quality control laboratories, clinical trials, manufacturers, wholesalers and pharmacovigilance systems as carried out by the Inspectorate Group of the Inspection and Standards Division.

**Inspectorate Group of the Inspection and Standards Division.**

**The Good Laboratory Practice Monitoring Authority (GLPMA)**

GLP inspectors verify that test facilities which conduct non-clinical safety studies on pharmaceuticals, agrochemicals, industrial chemicals, food and cosmetics meet GLP requirements to the standards necessary for regulatory purposes.

**Good Clinical Practice (GCP) Compliance Unit**

GCP inspectors assess compliance with the requirements of GCP guidelines and applicable regulation. GCP guidelines and regulations provide a standard for the conduct of clinical trial research.

**Good Manufacturing and Distribution Practice (GMP/GDP) Medicines Inspectorate**

GMP Inspectors assess manufacturer's compliance with the provisions of their manufacturing authorization and the principles and guidelines for GMP as detailed in the appropriate European Directives. GDP Inspectors assess Wholesale Dealers compliance with the provisions of their Wholesale Dealers license and the principles and guidelines for GDP.

**Pharmaco Vigilance (GPvP) Inspectorate**

Pharmaco vigilance Inspectors assesses pharmaceutical companies' compliance with UK and EU legislation relating to the monitoring of the safety of medicines given to patients

## HISTORY AND CERTAIN CORPORATE MATTERS

Elysium pharmaceuticals Ltd. (EPL) was incorporated in the year 1995 to engage in the business of Pharmaceutical Formulations. The company commenced its manufacturing operations in the year 1997. The Company is involved in manufacturing of sterile formulations like Liquid and Dry Parenterals, and non-sterile formulations like Tablets, Capsules, and Liquid orals, Ointment, Dry Syrups.

The Company was promoted by Mr. Yashwant C. Patel under the guidance of Dr. Manubhai Patel, ex-commissioner of FDA, Gandhinagar to make their strong presence in the Pharma industry.

At the time of incorporation, the Registered Office of the Company was situated at 5, Amarjyot Shopping Centre, Opp. Indra Complex, Manjalpur, Vadodara-390004. On 1<sup>st</sup> April, 2005, it was shifted to Plot No. 1175, P.O. Dabhasa, Taluka Padra, District: Vadodara-391440 the current registered office.

**The Company manufactures pharmaceutical dosage forms including patent and proprietary medicines covering tablets, capsules, liquid orals, ointments and Injectibles. The company is manufacturing similar dosage forms for Beta-Lactum antibiotics in separate area.**

Some of the major clients of Elysium include, Sanofi-Aventis (formerly Aventis Pharma), Rhone Poulenc, Rhone Poulenc Rorer, Bayer Pharmaceuticals, Sanofi-Synthelabo, German Remedies, Chiron Vaccines Ltd., Asence Inc., Torrent Pharmaceuticals Ltd., Zydus Cadila Ltd., Unichem Laboratories Ltd., Elder Pharmaceuticals Ltd., Nicholas Piramal Ltd., Ved Pharmaceuticals Limited.

The Company is manufacturing antibiotic products in a separate facility. The manufacturing of antibiotic is done on campaign basis. The cleaning procedure is validated & the acceptance limits are established.

During the year 1999, the Company expanded their capacity and set up another Tablet Manufacturing facility, Packing Material Store, Receiving / Storage of Raw Materials. The Company obtained a WHO GMP certification and started manufacturing for Multinational Companies almost from the commencement of the production facilities. The Company still holds a valid certification for WHO GMP.

During this period, the Company underwent several Plant Audits (national / international) for various Pharmaceutical Companies. The Company's facilities were approved by world wide international Quality Assurances of M/s. Hoechst Marion Roussel, M/s. Rhone Poulenc, M/s. Bayer's Pharmaceuticals for manufacturing their products. The Company's facility was also approved by large reputed Indian companies like German Remedies, Zydus – Cadila, Torrent Pharmaceuticals, Elder Pharmaceuticals and Sarabhai Chemicals for manufacturing their products. The Company has also been approved by NHO for Zimbabwe, Srilanka, and DGQA (Director General Quality Assurance)

In year 2000, the Company set up another facility for manufacturing Beta Lactum Products consisting of the following departments with the help of a financial aid of RS.300 lacs from GIIC.

1. Dry Parenterals
2. Dry Syrups
3. Tablets
4. Capsules

**The main object as set forth in the Company's Memorandum of Association is:**

To carry on business as manufacturers, job workers, formulators, processors, producers, growers, fermentators, distillers, refiners, makers, importers, exporters, buyers, sellers, suppliers, stockists, agents, merchants, distributors and concessionaires of, and dealers in pharmaceuticals, pharmaceutical-fine-chemical Pharmaceutical products, bulk drugs, chemicals intermediates, medicines, allopathic, ayurvedic, Homeopathic, unani, patent medicines, lotions, formulations, pills, injection, tablets, Capsules, Ointments, plasma, biological products, biotechnological products, monocloal antibodies, genetic engineering products, tissue culture products, herbs, cosmetics, loitries, and to carry on the business in villing, bottling, repacking, processing of capsules, syrups, tablets and ointments.

The Company's activities are carried out and in the past have been carried out in accordance with the objects as specified in its Memorandum of Association.

### Changes in Memorandum of Association

Since the Company's incorporation, the following changes have been made to its Memorandum of Association:

Sr. No.	Date of Meeting	Changes
1	25.04.1995	The Authorised Share Capital was raised to Rs.3.00 Crore (Rupees Three Crore only) divided into 30,00,000 (Thirty lacs only) Equity Shares of Rs.10/- (Rupees Ten only) each.
2	07.08.1999	The Authorised Share Capital was raised to Rs.5.00 Crore (Rupees Five Crore only) divided into 50,00,000 (Fifty lacs only) Equity Shares of Rs.10/- (Rupees Ten only) each.
3	31.03.2005	The Authorised Share Capital was raised to Rs.10.00 Crore (Rupees Ten Crore only) divided into 100,00,000 (One Crore only) Equity Shares of Rs.10/- (Rupees Ten only) each. Change of Registered Office from 5 Amar Jyot Shopping Center, Opp. Indra Complex, Manjalpur, Vadodara 390 004 to Plot No.1175, Post Dabhasa, Tal Padra, Dist Vadodara, Gujarat 391 440
4	21 06 2006	The Authorised Capital of the company was raised to Rs 20.00 Crore divided into Two Crore Equity Shares of Rs 10 each.
5	30. 07 .2007	The Authorised Capital of the company was raised to Rs 22.00 Crore divided into Two Crore Twenty Lakhs Equity Shares of Rs 10 each.

For details on the capital raised refer to the section on "Capital Structure" on page 10 of this Prospectus.

### Milestones achieved by the company

Year	Milestone
1995	Incorporation of the Company
1996	<ul style="list-style-type: none"> <li>• Commencement of Production</li> <li>• WHO GMP Certification</li> </ul>
1997	<ul style="list-style-type: none"> <li>• Establishment of <math>\beta</math>-Lactum Plant (Tablet, Capsule, Liquid, Ointment and Injections)</li> <li>• Expansion of Existing Facility to accommodate: Tablet – 2 Department, Packing Material Store, Raw Material Store</li> </ul>
1998	<ul style="list-style-type: none"> <li>• International Audit by RHONE POULENC, UK</li> </ul>
1999	<ul style="list-style-type: none"> <li>• International Audit by Hoechst Marion Russell Ltd., Germany</li> </ul>
2000	<ul style="list-style-type: none"> <li>• Expansion of <math>\beta</math>-Lactum Plant – Departments for Dry Parenterals, Dry Syrups, Tablets and Capsules set up.</li> </ul>
2001	<ul style="list-style-type: none"> <li>• ISO 9002-1994 Audit</li> <li>• Approval DGQA, Central Govt. of India</li> </ul>
2002	<ul style="list-style-type: none"> <li>• International Audit by Bayer's AG – Germany</li> <li>• Zimbabwe MOH (for Torrent Pharmaceuticals Ltd.)</li> <li>• WHO GMP Inspection</li> </ul>
2003	<ul style="list-style-type: none"> <li>• Audit by Aventis Pharma Ltd</li> </ul>
2004	<ul style="list-style-type: none"> <li>• Audit by Asence Inc., Philippines</li> </ul>
2005	<ul style="list-style-type: none"> <li>• WHO GMP Inspection</li> </ul>
2006	<ul style="list-style-type: none"> <li>• Audit by MOH Namibia,</li> <li>• Audit by Sanofi Aventis ( France )</li> <li>• Audit by MOH Yemen</li> <li>• Audit by MOH D R Congo</li> <li>• Audit by NDA Uganda</li> </ul>
2007	<ul style="list-style-type: none"> <li>• Audit by MOH Kenya</li> <li>• Audit by MOH Tanzania</li> <li>• WHO GMP Inspection</li> </ul>

### Shareholders Agreements

The Company has not entered into any shareholders agreement.

### Other Agreements

#### AGREEMENTS ENTERED INTO BY THE COMPANY WITH VARIOUS PARTIES

Sr. No	Date of the Agreement	Parties to the Agreement	Subject matter of the Agreement	Main Terms
1.	1.3.2006	The Company and Shri Yashwantbhai C. Patel	Terms and conditions of Appointment of Shri. Yashwantbhai C. Patel as Managing Director	<p>1. Appointment for three years from 1<sup>st</sup> April, 2006.</p> <p>2. Hold substantial powers;</p> <p>3. Salary – Rs.6 Lakhs per annum inclusive of all the perquisites and allowances .</p> <p>4. Shall not be liable for retirement.</p> <p>The salary got increase to Rs.12 Lakhs per annum by Reolution passed at EGM held on 23<sup>rd</sup> February, 2006.</p> <p>The Term was also reduced tio three years.</p>
2.	29.6.2006	Agreement between the Company and Intime Spectrum Registry Ltd.	Terms and conditions of Appointment of the Registry pursuant to Rule 4 (1) (b) of SEBI (Registrar to an issue and share transfer agreement) Rule, 1993.	<p>1. Clause 6 of the Agreement provides for functions and responsibilities in connection with public issue.</p> <p>2. Clause 7 provides for maintainance of records.</p> <p>3. The Clause 29 provides for indemnity by the Registrar, however, the Registrar shall not be liable for any indirect or consequential loss caused to the Company, due to error or omission.</p> <p>4. Unless terminated earlier in accordance with the terms of the Agreement, the Agreement will expire and stand terminated upon one year from the date of closing of the issue.</p>
3.	2.9.2006	The Coompany, Intime Spectrum Registry Ltd. (R & T Agent) and National securities Depositories Ltd. (NSDL)	Agreement to to admit the securities of the company for being admitted on the depository system.	<p>1. The Bye Laws and business rules of NSDL shall be part of the terms and conditions.</p> <p>2. The Company and R &amp; T Agent shall comply with all the systems and procedures recommended by NSDL and shall allow access to their systems by NSDL designated EDP Audit Team for periodic assessment of compliance with systems and procedures.</p> <p>3. The Company and R &amp; T Agent agree that NSDL shall not be liable to the company and R &amp; T Agent for any loss arising out of any failure of the Company and R &amp; T Agent to keep full and uptodate security copies (backup) of computer programme and data it uses in accordance with the best computing practice.</p>

				4. The Company and R & T Agent shall indemnify NSDL in respect of any loss or liability incurred r any claim arising in respect of any incorrect information furnished by the Company and / or its R & T Agent in respect of the orporations of the depository.
4.	12.9.2006	The Company, R & T Agent and Central Depository Securities (India) Ltd. (CDSL)	Agreement to to admit the securities of the company for being admitted on the depository system.	<p>1. CDSL shall allocate unique Identification number.</p> <p>2. Clause 4 provides for Hardware and Software to be installed by RTA.</p> <p>3. Clause 7 provides for information / documents to be furnished by R &amp; T Agent to CDSL.</p> <p>4. Clause 17 &amp; 18 provides for events requiring immediate intimation by the Company to CDSL and R &amp; T Agent to CDSL.</p> <p>5. Clause 23 provides for Disaster Recovery Plant</p>
5.	1.1.2007	The Company and Ved Pharmaceuticals Ltd. (Ved)	Sourcing clients and procuring business either on Loan License or there party basis for the company.	<p>1. Agreement for 5 years from 1.1.2007.</p> <p>2. Clause 5 provides for various activities of Ved.</p> <p>3. Clause 6 provides for payment of compensation to Ved. The compensation will be specific to a customer. It is also agreed by the Company that in case a new customer is introduced by Ved and deals falls through for any reason, Ved will still compensated if the customer commence business with the company either directly or indirectly.</p>
6.	9.7.2005	The Company and Oriental Pharmaceutical Distributors (Oriental)	Agreement in connection with offering sole marketing rights of products manufactured by the Company to Oriental for the State of Maharashtra	<p>1. The stocks purchased from the Company will be non-refundable.</p> <p>2. The Company will supply goods through approved transporters and the document will be negotiated through nationalised banks on FOR Vadodara basis.</p> <p>3. Each party is at liberty to terminate the Agreement by three moths notice in writing.</p> <p>4. Agreement valid for two years from 9.7.2005.</p>
7.	10.12.2005	The Company and Alembic Ltd. (Alembic)	Agreement for Loan License. Alembic shall supply raw materials and packaging materials to the Company. The Company will convert them in to goods mentioned in the schedule to the Agreement and also pack them.	<p>1. Alembic agrees to pay to the company the manufacturing cost which includes prosessing and packing charges as well as the profit margin.</p> <p>2. Alembic shall have the right to verify, inspect and test for the quality, the goods manufactured / converted by the Company.</p> <p>3. The Company agrees to abide by the rules of secrecy in respect of data / details of raw materials / conversion process / finished products.</p> <p>4. Agreement valid up to 31.3.2007.</p>

8.	30.11.2005	The Company and Promod Exports Private Limited (Promod)	Agreement for Loan License – Company agrees to manufacture various pharmaceuticals formulations for Promod.	<p>1. The Company agreed to modify its manufacturing process and techniques for manufacturing products to conform to this specifications to the end product stipulated by Promod. The Company will responsible for any defect observed in the process and techniques.</p> <p>2 Necessary Drug (Loan) manufacturing license as well as Central Excise Formalities will be undertaken and completed by the Company on behalf of Promod.</p> <p>3. Processing charges payable by Promod to Company in respect of the products manufactured by the Company is furnished in the Annexure “A” to the Agreement.</p> <p>4. All the raw materials and packing materials will be supplied by Promod as per its standard input standards for each product.</p> <p>5. All raw materials and packing materials supplied by Promod whether accompanied by Analytical Reports or not, will be analyzed by the Company at their own cost. The cost of any specialized analysis, which cannot be conducted in Company’s Laboratory, will be borne by the Promod.</p> <p>6. The Agreement shall be valid for a period of five years from 30.11.2005 and shall continue to remain enforce unless terminated by either party by giving 90 days clear notice in writing.</p>
9.	1.10.2003	The Company and Torrent Pharmaceuticals Ltd. (Torrent)	The Agreement is for job work. Torrent desirous of utilizing the manufacturing facilities of the Company for manufacture formulations on job work basis.	<p>1. Torrent shall provide to the Company necessary raw materials and packing materials.</p> <p>2. Raw materials, packaging and finished products to be held in trust by the company.</p> <p>3. The Company agrees not to subcontract to any third party without any prior consent of Torrent.</p> <p>4. Torrent shall pay the Company conversion charges more particularly described in Annexure “VI” to the Agreement.</p> <p>5. Torrent shall bare access duties, if any.</p> <p>6. Clause 16.1 provides that the agreement shall come into force from 1<sup>st</sup> October, 2003 and remain in force till 31<sup>st</sup> March, 2005</p> <p>7. Clause 19 provides for the Company to keep strictless secret and confidential and shall not liable the know how, formula and manufacturing process.</p> <p>8. All trade marks whether registered or not during the continuance of the Agreement and thereafter shall remain the exclusive property of Torrent.</p> <p>9. Clause 21 provides for non competition.</p>

10.	27.11.2003	The Company and CADILA Health Care Ltd. (CADILA)	Agreement to disclose and communicate to the Company and the technology necessary or requisite for the manufacture of various products more particularly set out in Annexure "A" to the Agreement.	<p>1. Company agreed to keep secret and confidential shall not disclose or divulge the technology gained or otherwise acquired by the Company pursuant to the Agreement.</p> <p>2. Clause 2 provides for Confidentiality and Sequency The Company has undertaken to keep secret and confidential and agrees that it shall not disclose, divulge or reveal about the technology gained or otherwise acquired by the company, pursuant to the agreement unless permitted by CADILA.</p> <p>3. During the continuance of the Agreement CADILA shall have the right to inspect the quality.</p> <p>4. Nothing contained in the Agreement shall constitute or be deemed to or is intended to constitute the company as an Agent of CADILA. It is hereby expressly agreed and declared that the company shall not at any time entered into a contract in the name of or procuring to be made on behalf of CADILA.</p> <p>5. It is clarified in the Agreement that CADILA shall be free to manufacture any formulations including products more particularly described in Annexure "A" to the Agreement.</p> <p>6. The Agreement is co-terminus with the Supply and Marketing Agreement of even date executed between the parties.</p>
11.	01.01.2007	The company and Aventis Pharma Ltd. (Aventis)	Agreement for co-operation in the manufacture of certain pharmaceutical products whereby Aventis will authorise the Company to manufacture for and on its behalf the products listed in Annexure "A" to the Agreement.	<p>1. Part 1 of the Agreement relates to the manufacturing operations of the product manufactured by the Company for on behalf of Aventis.</p> <p>2. Clause 15 provides that AVentis shall pay to Company the manufacturing and packaging charges more particularly described in the Appendix "D" for the product manufactured by the company under the Agreement. Manufacturing and packaging charges with the subject to review / revision by mutual consent in the case of change in manufacturing and packing process are changed in over head cost.</p> <p>3. Clause 2 provides for various responsibilities of Company and Aventis.</p> <p>4. Company shall responsible for ensuring that the manufacturing process and analytical methodologist are validated before any routine production can begin. The aim of this validation is to ensure that the process is capable of consistently achieving the products's acceptance specifications using validated analytical methods.</p>

				<p>5. Each party shall be liable under applicable law to the other party and third parties for damages caused by it. In the case of both parties having causally and / or by their fault contributed to any damages, such damages shall be shared in the ratio of the parties' contributory causation and / or fault, as the case may be.</p> <p>6. <b>Clause 17</b> provides for confidentiality/restriction of use. In terms of this clause confidential information communicated by one party to other through written documents or by any other means shall be kept in confidence by the receiving party which agrees to use the confidential information solely for purpose of the agreement. The above obligation shall remain effective for a period of 15 years. But such restriction shall not apply to:</p> <p>a) Confidential information which, at the time of disclosure, is part of the public knowledge;</p> <p>b) Confidential Information which, after disclosure, becomes part of the public knowledge by publication or otherwise, except in case of breach of this agreement by the receiving party;</p> <p>c) Confidential Information which the receiving party has received or will receive lawfully from a third party without any secrecy obligation;</p> <p>d) Information sought by government regulatory authorities as a part of their duty; (However, Elysium shall be obliged to inform to APL immediately, about any such information given to government regulatory authorities).</p> <p>7. The Agreement shall binding upon and in to the benefit of the successors of the parties hereto, but shall not be assignable by the Company without the prior consent of Aventis except to any Affiliate and provided that said Affiliate or successor shall be bound by all provisions of the Agreement.</p> <p>8. The Agreement shall be valid from a period of two years from 1.1.2007</p>
12	8.11.2005	The Company and M/s. Sai Vengatramana Pharma, Secundarabad (Super Stockist)	The Agreement is for appointment of Super Stockist to purchase and sell goods of the company for the state of Andhra Pradesh.	<p>1. The Super Stockist will hold adequate quantities of stock of all products to meet the requirement of the area allotted.</p> <p>2. The Super Stockist should invoice Company's products only to authorised stockists. Within the specified territory as mentioned in Clause 2 of this Agreement. The stockist will be appointed only after authorisation from Head Office, Baroda. The Super Stockist will advice the field staff of the company to get the authorisation to any newly appointed stockist before effecting any invoice / supplied.</p>

				<p>3. The Super Stockist shall give payment by 40 days post-dated cheque to the Company along with the order for supply of the products to Super Stockist. The local cheque should be payable at Vadodara (Gujarat).</p> <p>4. The Super Stockist has deposited Rs.10,00,000/- (Rupees Ten Lakhs Only) bearing no interest, as security towards the products held by them;</p> <p>5. The Agreement unless earlier determined as provided in the Agreement, remain in force for a period of two years from 1<sup>st</sup> November, 2005 and may be renewed thereafter by the Company's sole option.</p>
13.	12.11.2005	The Company R. K. Enterprises (Super Stockist)	The Agreement is appointment of R. K. Enterprises as Super Stockist	<p>i) The Company will supply the goods to the super stockist for sale in the state of Tamilnadu.</p> <p>ii) The Super stockist should invoice the Company's products the Authorised stockist.</p> <p>iii) In the company will not be responsible or any losses to the super stockist.</p> <p>iv) the agreement is valid for 2 years from 1<sup>st</sup> November, 2005.</p>
14.	7.10.2005	Company and Baroda Distributors	The Agreement is for appointment of Baroda Distributors as consignment sales agent for the State of Gujarat.	<p>i) The Company will pay commission at 6.5% on net sales of 10 Lakhs and at 5% above 10 Lakhs.</p> <p>ii) Baroda Distributors as deposited with the Company a sum of Rs.3 Lakhs as Initial security deposit</p> <p>iii) The Company can revoke the consignment agency without assigning any reason by giving 60 days notice and similarly Baroda Distributors can also renounce the agency of the Company without assigning any reason by giving 60 days notice.</p> <p>iv) The Agreement is for period of 2 years effective from 1<sup>st</sup> October, 2005</p>
15.	11.8.2005	The Company and A. K. Pharmaceuticals Agency	The Agreement is for appointment of A. K. Pharmaceuticals Agency as Consignment Sales Agent for the state of Jharkhand	<p>i) The Agreement is for period of 2 years effective from 11<sup>th</sup> August, 2005</p> <p>ii) In consideration of the service to be rendered by A. K. Pharmaceuticals Agency, the Company will pay commission @ 4.8% on net sales upto Rs.10 Lakhs and beyond Rs.10 Lakhs the commission shall be paid @ 3.50% excluding sales tax. The commission shall be all inclusive and no other reimbursement will be made of any expenses incurred by the A. K. Pharmaceuticals Agency. A net sale means the sales made by A. K. Pharmaceuticals Agency without sales tax and after deduction of return goods &amp; Expiry / Breakages / Leakages.</p>

16.	01.08.2005	The Company and M/s. S. A. Associates, Cuttack	The Agreement is for the appointment of M/s. S. A. Associates, as consignment sales agent at Cuttack	<p>i) The Appointment is for a period of two years from 1<sup>st</sup> day of August, 2005.</p> <p>ii) In consideration of the service to be rendered by M/s. S. A. Associates, the Company will pay commission @ 4.80% on net sales up to Rs.10 Lakhs and beyond Rs.10 lakhs the commission shall be paid @ 3.50% excluding sales tax. The commission shall be all inclusive and no other reimbursement will be made of any expenses incurred by the M/s. S. A. Associates. A net sale means the sales made by M/s. S. A. Associates without sales tax and after deduction of return goods &amp; Expiry / Breakages / Leakages.</p>
17	28.09.2005	The Company and Emkey Enterprises	The Agreement is for appointment of M/s. Emkey Enterprises as a consignment sales agent for the state of West Bengal.	<p>i) The Appointment is for a period of 5 years from 28<sup>th</sup> September, 2005</p> <p>ii) In consideration of the service to be rendered by M/s. Emkey Enterprises, the Company will pay commission @ 4.00% on net sales excluding sales tax / VAT. The commission shall be all inclusive and no other reimbursement will be made of any expenses incurred by the M/s. Emkey Enterprises. A net sale means the sales made by M/s. Emkey Enterprises without sales tax and after deduction of return goods &amp; Expiry / Breakages / Leakages. The Service Tax will be payable by the Company. Emkey Enterprises shall provide copies of all the sales tax returns / tax payment challans, letters / documents pertaining to the company on monthly basis together with all relevant statutory forms wherever applicable. Emkey Enterprises shall also provide in future (even if they are not Emkey Enterprises at that point of time) relevant information and / or copies of papers / documents as may be required by the Company for their sales tax matter / assessments.</p>
18.	11.12.2006	The Company and Konark Drugs House	The Agreement is for appointment of Konark Drugs House as consignment sales agent for the state of Jharkhand.	<p>i) The Appointment for two years with effect from 11<sup>th</sup> December, 2006.</p> <p>ii) In consideration of the service to be rendered by Konark Drugs House, the Company will pay commission @ 4.8% on net sales up to Rs.10 Lakhs and beyond Rs.10 lakhs the commission shall be paid @ 3.50% excluding sales tax. The commission shall be all inclusive and no other reimbursement will be made of any expenses incurred by the Konark Drugs House. A net sale means the sales made by Konark Drugs House without sales tax and after deduction of return goods &amp; Expiry / Breakages / Leakages.</p>
19.	27.3.2006	The Company and Medicine Agencies, Lukhnow	The Agreement is for appointment of Medicine Agencies as consignment sales agent for the state of Utter Pradesh.	<p>i) The Appointment for two years with effect from 1<sup>st</sup> February, 2006.</p> <p>ii) In consideration of the service to be rendered by Medicine Agencies, the Company will pay commission @ 5% on net sales up to Rs.10 Lakhs and beyond Rs.10 lakhs the commission shall be paid @ 3.5% excluding sales tax. The commission shall</p>

				be all inclusive and no other reimbursement will be made of any expenses incurred by the Medicine Agencies. A net sale means the sales made by Medicine Agencies without sales tax and after deduction of return goods & Expiry / Breakages / Leakages.
20.	23.09.2005	The Company and M/s. Vakrangee Distributors, Guwahati (Assam)	The Agreement is for appointment of M/s. Vakrangee Distributors as consignment sales agent for the state of North Eastern states ( all the seven states).	<p>i) The Appointment for two years with effect from 1<sup>st</sup> April, 2005.</p> <p>ii) In consideration of the service to be rendered by M/s. Vakrangee Distributors, the Company will pay commission @ 4.8% on net sales up to Rs.10 Lakhs and beyond Rs.10 lakhs the commission shall be paid @ 3.5% excluding sales tax. The commission shall be all inclusive and no other reimbursement will be made of any expenses incurred by the M/s. Vakrangee Distributors. A net sale means the sales made by M/s. Vakrangee Distributors without sales tax and after deduction of return goods &amp; Expiry / Breakages / Leakages.</p>
21.	07.11.2005	The Company and M/s. Vinayaka Medicals	The Agreement is for appointment of Vinayaka Medicals as a Super Stockist for the state of Kerala	<p>i) The agreement shall be remain enforce for a period of two years from 1<sup>st</sup> November, 2005.</p> <p>ii) Super Stockist will get 8% discount on stockist price up to an average sales of Rs.10 Lakh per month and for above Rs.10 Lakhs sales discount will be 6% instead of 8%. This discount will be credited by the Principal in Super Stockit's account by way of credit note.</p>
22.	25.03.2002	The Company and Unimark Remedies Ltd.	The Agreement is for manufacture of certain pharmaceutical products whereby UNIMARK authorise the Company to manufacture for an on its behalf the products listed in Appendix A to the Agreement under a loan license arrangement at Company's said facilities.	<p>i) Unimark shall supply company with a forecast of the required quantities of each Product reasonably in advance so that company may include the quantities in its production plan. Unimark may revise the forecast in accordance with the market situation and shall inform the company of any revision as soon as possible.</p> <p>ii) In consideration of the obligations undertaken by the company under this Agreement, Unimark shall pay to company the manufacturing and packaging charges at the rate mentioned in Appendix C for the Products manufactured by the company under this Agreement and which are of the requisite good quality. The Company may submit montly bills for the said manufacturing and packaging charges which shall be payable by Unimark to the company within 15 days from the date of receipt of the finished Products by UNIMARK (alongwith the relative invoice thereof ) from the Company.</p> <p>iii) This Agreement was renewed till 31<sup>st</sup> December, 2006 by the company's letter dated 10<sup>th</sup> March, 2005. The Agreement has been further renewed for one year from 1<sup>st</sup> January, 2007 on the existing terms and conditions by the Company's letter dated 29<sup>th</sup> January, 2007.</p>

All the agreements referred to above are valid and subsisting as on date. Except for agreements/contracts entered into the ordinary course of business, the Company has not entered into any other agreement/contract.

**COMPANY MANAGEMENT**

**Board of Directors**

A Board of Directors comprising of 6 Directors currently manages the Company. Mr. Yashwant C. Patel is currently the Company's Chairman & Managing Director. He is responsible for the overall management of the Company subject to the supervision and control of the Board. Details of the Board of Directors as on the date of filing of this Draft Prospectus are given in the table below:

Sr. No.	Name Father's / Husband's Name & address	Age (in year s)	Designation, Qualification & Experience	Date of Appointment	Tenure	Share holding in the Company
1	Mr. Yashwant Chunibhai Patel S/o Mr. Chunibhai C. Patel 29/30, Monalipark Society, Opp. Padmatax, Vishwamitri Manjalpur, Vadodara – 390011 DIN NO. 00011865	54 yrs	Chairman & Managing Director	Appointed as Managing Director on 31 <sup>st</sup> March 2005 for a period of 5 years at EGM. On 23 <sup>rd</sup> February 2006 at EGM Salary was revised from Rs.6.00 lakhs P.a to Rs.12.00 lakhs P.a and the period of MD was reduced to 3 years from 1 <sup>st</sup> April 2006.	3 years	25,62,560 Shares of Rs.10/- each
2	<b>Mr. Navnitkant A. Patel</b> S/o Mr. Ambalal Patel 96-A Kunj Society, Alkapuri, Vadodara - 390 007 DIN No. 00013518	64 yrs	Director	Appointment at 11 <sup>th</sup> AGM as Director	Retiring by rotation	14,26,550 Equity Shares of Rs.10/- each
3	<b>Mrs. Suhasini R. Patel</b> W/o Dr. Rajnikant Patel 10, Monalipark Society, Opp. Padmatax, Vishwamitri, Manjalpur, Vadodara - 390 011 DIN no. 00013506	59 yrs	Director	Appointed at 12 <sup>th</sup> AGM held on 21 <sup>st</sup> June, 2006	Retiring by rotation	14,79,750 Equity Shares of Rs.10/- each.
4	Mr. Vithal S. Patel S/o Shanker Patel 88, Gokul Nagar, Near Jayamala Bus Stop, Ghodasar, Ahmedabad- 380050  DIN no. 00412203	66 year s	Independent Director	Additional Director – appointed pursuant to section 260 of the Companies Act, 1956 at the Board Meeting held on 21 <sup>st</sup> June, 2006	Retiring at the ensuing AGM	Nil

5	Dr. Mukund L. Abhyankar S/o Laxman Abhyankar A-2/9, Kusum Co-op. Housing Society, Model Colony, Pune – 411 016. DIN.No. 00881021	70 yrs.	Independent Director	Additional Director – appointed pursuant to section 260 of the Companies Act, 1956 at the Board Meeting held on 21 <sup>st</sup> June, 2006	Retiring at the ensuing AGM	Nil
6	Shri Ashok Kumar V Patel  S/O Shri Vallabh Patel. Sardar Chowk, Boriavi, Anand, Gujarat DIN No. 01655767	51 years	Independent Director	Additional Director – appointed pursuant to section 260 of the Companies Act, 1956 at the Board Meeting held on 18th July, 2007	Retiring at the ensuing AGM	Nil

#### BRIEF PROFILE OF DIRECTORS

##### **Mr. Yashwant Chunibhai Patel:**

Mr. Yashwant Chunibhai Patel, Chairman & Managing Director, aged 54 years is Chief Executive Officer of the Company. He has completed B. Com (1973) and LLB (1975) from MS University, Baroda. He has been involved in diverse businesses – between 1976 – 1980 in M/s Nima Printery – Multi-coloured offset printing catering to the needs of banks, PSU's and large-scale pharmaceutical companies and between 1981 – 1990 in M/s Sryna Surgical – Manufacture of surgical cotton for large-scale consumers. From 1987 to 2006 he was director of Gem Surgical Pvt. Ltd., manufacturers of book binding cloth. He resign from Gem Surgical Pvt. Ltd. in March 2006. He set up M/s ELYSIUM PHARMACEUTICALS LTD 1995, for Production of quality pharmaceutical formulations and has been the Chairman and Managing Director of the Company since inception. The existing state of art plant is a creation & imagination of Mr. Yashwant C. Patel. Under his leadership, the Company has set up the existing manufacturing unit at Dabhasa, Tal. Padra 19 kms. away from, ` Vadodara, Gujarat . He is responsible for financial aspects of various profit centers such as marketing, operations at the plant, etc. He is continually involved in meeting with regulatory approvals for audits by international clients, WHO-GMP and ISO. He looks after the day-to-day management of the Company.

##### **Mr. Navnitkant Ambalal Patel:**

Mr. Navnitkant Ambalal Patel, Director aged 64 years has been director since inception. He completed his B.Sc in Mechanical Engineering from London in 1966. After which he worked with Africa Textile Mills in Mbale, Uganda as a General Manager. Following the expulsion of all foreigners from Uganda in 1972, Mr. Navnitkant A. Patel migrated to India and joined Shalimar Biscuits Pvt. Ltd, Hyderabad as a Plant Manager. He moved to Gujarat in 1974 and established his own business – Gujarat Metal Cast Pvt Ltd, for manufacturing of Malleable Iron Castings. However, he withdrew from the Company in 1990 and practiced as a Foundry Consultant for setting up Ferrous Foundry. From 1994 to 2006 he was director of Gem Surgical Pvt. Ltd., manufacturers of book binding cloth. He resign from Gem Surgical Pvt. Ltd. in March 2006. He has vast experience in the pharmaceutical industry in implementation of projects and has served in senior management cadre for a number of years. He has been associated with Elysium Pharmaceuticals since 1995 and was instrumental in implementation of initial launch of manufacturing project. He is responsible for successful execution of all the projects undertaken by the Company. He is involved in areas of finance and banking for the Company.

##### **Ms. Suhasini Rajnikant Patel:**

Mrs. Suhasini R. Patel, aged 59 years, is a B. Sc in (Chemistry, 1964) and B. Ed (Mathematics and Science as special methods, 1968) from Sardar Patel University. She started her career as a teacher; However, she joined Nima Printery in 1978. Since then, she has been closely associated with Sryna Surgicals (1981-1990). From 1987 to 2006 she was director of Gem Surgical Pvt. Ltd., manufacturers of book binding cloth. She resign from Gem Surgical Pvt. Ltd. in March 2006. Ms. Suhasini Rajnikant Patel, has been associated with the Company since its inception, as a, Director. She has worked in the various

department of the Company. Under her supervision, the Company could manage to expand the marketing reach & increase in distribution with the successful recovery of amount due from customers. Presently she is looking after the marketing & distribution of ethical products of the Company and is responsible for administration and HRD activities.

**Mr. Vithal S. Patel**

Mr V. S. Patel is a B. Sc (Tech) in Pharmaceuticals and Fine Chemicals, from Department of Chemical Technology, University of Bombay. He is also a B. Sc. in Chemistry (First Class First) from Vithalbhai Patel Mahavidyalay. He has rich and diverse experience in many companies like Buro Pharma, FDA Department, Cadila Laboratories and Torrent Pharmaceuticals. He is an associate in M/s B. Mehtalia Consultants Pvt. Ltd, Mumbai engaged in developing several projects, including the proposed MHRA Project of ELYSIUM pharmaceuticals ltd.

**Dr. M. L. Abhayankar**

Dr. M. L. Abhayankar is an M.A. in Economics and has also completed his LLB. He has also done a Ph.D. in Business Administration; his thesis was on ‘Selection and Recruitment Procedures in Selected Industries’. Presently he is the Chairman of Cosmos Co-operative Bank., Pune. He has a varied experience in the field of banking. In May 1999, he was also appointed by the Reserve Bank of India as a part of the 8 members High Power Committee –known as Madhav Rao Committee for Urban Co-operative Banks to review their performance and to suggest measures to improve them. He has also been elected as Director on National Federation of Urban Co-operative Banks from June 2005 for 5 years for the second time. He has been appointed as Independent Director on the Board Elysium Pharmaceuticals Limited with effect from 21.06.2006.. He is also the Chairman of the Audit Committee.

**Mr. Ashok kumar V Patel**

**Mr.Ashokkumar Patel, aged about 51 years is a graduate in BA (Economics and History) from SPU, Vallabh Vidyanagar, Anand, Gujarat. He was involved in a family business of tiles and engineering works. He joined the Boriavi People’s Co-operative Bank in the year 1977 and became the Managing Director from 1989. He is the Chairman of the Bank from 1999 onwards. Mr.Patel is also a member of the Governing Body of Boriavi Nagar Vikas mandal for the last 15 years. Boriavi nagar Vikas Mandal manages a General Hospital in Boriavi. He has also joined Elysium Pharmaceuticals Ltd. As an independent Director from year 2007.**

**Details of Borrowing Powers**

Vide Resolutions passed by the members of the company at the Extra Ordinary General Meeting on 15<sup>th</sup> June, 2002, the Board of Directors of the company are given powers to borrow funds exceeding the paid up share capital and free reserves of the Company provided however that the amount borrowed / to be borrowed and outstanding at any time not to exceed the sum of Rs.50 Crores exclusive of the temporary loans obtained from the Company’s bankers in the ordinary course of business of the Company.

**Compensation to Chairman and Managing Director**

Mr. Yashwant C. Patel has been designated as the Chairman and Managing Director since incorporation of the Company.

At the Extra-ordinary General Meeting of the Company held on 17<sup>th</sup> April 2000, Mr. Yashwant C. Patel was appointed as Managing Director for a period of 5 years. At the Extraordinary General Meeting of the Company held on 31<sup>st</sup> March 2005, Mr. Yashwant C Patel was re-appointed as Chairman and Managing Director for a period of 5 years effective from 1<sup>st</sup> April 2005.

Name	Mr. Yashwant Chunilal Patel
Designation	Chairman & Managing Director
Date of Appointment	01/04/2005
Period	5 years
Overall remuneration not to exceed the limits pursuant to provisions of section 269,309, in Schedule XIII to the Companies Act, 1956	
Basic Salary	Rs.50, 000 p.m.
Perquisites	

Earned leave:	The Managing Director will be entitled to one day's paid leave for every twenty days worked. Leave will be calculated for a period of twelve months commencing from April 1 each year. Entitlement to leave will be in proportion to the period of service during the twelve-month period April 1 to March 31.
	The Managing Director shall also be entitled to contribution to Provident Fund, which will not be included in the computation of ceiling of perquisites to the extent they are exempted under the Income Tax Act. He shall also be eligible for Gratuity subject to a ceiling of half-month salary for each complete year of service under the Gratuity Act, 1972.
Telephone	Free telephone facility at residence at Company's expenses subject to the condition that long distance personal calls shall billed by the Company.
Company's chauffeur driven car	Free of Cost Company's chauffeur driven car, including maintenance and operations thereof subject to the condition that the use of car for private purpose shall be billed by the Company.
Reimbursement of Bills	The Managing Director shall also be entitled for reimbursement of entertainment, traveling, boarding and lodging expenses actually and properly incurred in connection with the business of the Company. He will not be entitled for sitting fees for attending meetings of the Board or Committee thereof. He shall however be entitled to be reimbursed for the actual traveling expenses incurred by him for attending Meetings of the Board of Directors and/or Committee thereof.

However, as per Board Resolution dated 23<sup>rd</sup> February 2006, Mr. Yashwant C Patel's terms of appointment as Chairman and Managing Director were modified as follows:

Name	Mr. Yashwant Chunilal Patel
Designation	Chairman & Managing Director
Date of Appointment	01/04/2006
Period	3 years
Overall remuneration not to exceed the limits pursuant to provisions of section 269,309, in Schedule XIII to the Companies Act, 1956	
Basic Salary	Rs.100, 000 p.m.

**Compensation to wholetime Directors :** In terms of the agreement dated 17.09.2007 Mr.Nanitikant A. Patel and Mrs.Suhasini R.Patel have been appointed as wholetime Directors w.e.f 01<sup>st</sup> April 2007 for a period of 5 years with a remuneration of Rs.25000 per month along with other perquisites like car, telephone, gratuity, PF wherever applicable.

#### Changes in Board of Directors in the last three years

Name	Date of Appointment	Date of Resignation
Mr. Anuj R. Patel	22 April 2000	08 January 2001
Dr.Mukund L.Abhyankar	21 <sup>st</sup> June 2006	
Mr.Vithal S.Patel	21 <sup>st</sup> June 2006	
Mr.Krishnakant H.Shah	21 <sup>st</sup> June 2006	13 <sup>th</sup> August 2007
Mr Ashok Kumar V Patel	18 <sup>th</sup> July 2007	

#### Dues of more than Rs 1.00 lac to Small Scale Industries

<i>Statement of O/s of SSI unit more than 30days in as on 31.03.2007</i>		
<b>Creditors for Capital &amp; Project Goods</b>		
1	Kuldev Engineering Works	24915.00

2	Mevish Pharmaceuticals Equipment Works	37000.00
3	N.K. Engineering Co.	176766.00
	<b>Total Capital...</b>	<b>238681.00</b>
	<b>Creditors for Packing Material</b>	
4	Aum Packaging	491865
5	Bombay Ampoules Pvt. Ltd.	688638.00
6	Glass Ampoules (India) Pvt. Ltd.,	836821.00
7	Gujarat Vialcaps (Pvt.) Ltd.	603502
8	Heena Roto Prints	202334.00
9	Hy-Tech Packaging Industries	62500.00
10	Kapoor Glass (India) Pvt. Ltd.	310947.00
11	Multi Tech Plast & Dies	23088.00
12	Nima Packaging (Packing)	680445
13	Novex Poly Films Pvt. Ltd.	64404
14	Patwa Printing Press	1267689.00
15	Roto Polymers India	27590.00
16	Ultra Poly Films Pvt. Ltd.	14902.00
17	Velpack Pvt. Ltd.	149671.00
18	Vivid Rubcaps Pvt Ltd.	184210.00
19	Windsor Packaging ( Baroda ) Pvt.Ltd.	47574
	<b>Total PM Purchase...</b>	<b>5656180.00</b>
	<b>Creditors for Raw-Material</b>	
20	Lincoln Pharmaceutical Ltd.	647547.00
	<b>Total RM Purchase...</b>	<b>647547.00</b>
		<b>6542408.00</b>

## COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS

The Provisions of listing agreement to be entered into with the Stock Exchange with regards to Corporate Governance will be applicable to the Company immediately upon listing of the Company's Equity Shares on the Exchange. The Company undertakes to adopt Corporate Governance Code as per clause 49 of the Listing Agreement to be entered into with the Stock Exchanges prior to listing. The company has adopted a Code of Corporate Governance, which is in line with the best practices. Every employees of the Company is bound by this Code that sets forth the Company's policies. The Company endeavours to implement the Code of Corporate Governance in its true spirit.

We believe in adopting the best Corporate Governance practices, based on the below mentioned principles in order to maintain utmost level of transparency, accountability and ethics in conducting the affairs of the Company:

- ❖ Recognition of the respective roles and responsibilities of Board and the Management;
- ❖ Independent verification and assured integrity of financial reporting;
- ❖ Protection of shareholders' right and priority of investors relations; and
- ❖ Timely and accurate disclosure on all material matters concerning operations and performance of the Company.

### The Board of Directors comprises of:

Name of the Director	Designation	Status
Mr. Yashwant C Patel	Chairman & Managing Director	Executive/Non-independent
Mr. Navnitkant A Patel	Executive Director	Executive / Non-independent
Mrs. Suhasini R. Patel	Executive Director	Executive / Non-independent
Mr. Vithal. S. Patel	Non-Executive Director	Non-Executive / Independent
Dr. M. Abhayankar	Non-Executive Director	Non-Executive / Independent
Mr. Ashok Kumar V Patel	Non-Executive Director	Non-Executive / Independent

### Committees of the Board

#### Audit Committee

The Audit Committee was constituted at the Board Meeting of the Company held on 21/06/2006 as per the provisions of Section 292A of the Companies Act, 1956. The Audit Committee as per the terms of its constitution complies with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchanges.

The role, terms of reference, authority and powers of this Committee are in the conformity with the requirements of the Companies Act, 1956 and the Listing Agreements. The essential functions of the Audit Committee include review of systems and procedures, overseeing the functioning of internal audit, the effectiveness of controls and regulatory compliance. It also reviews Company's financial reporting process, disclosure of financial information, observations of auditors and recommends the appointment of statutory auditors, their fees and reviews with management annual financial statements before submission to the Board.

This Committee comprises of Three Independent Directors. Besides having access to all the required information from within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and the Internal Auditors and the Board of Directors of the Company. It is authorized to select and establish accounting policies, review reports of the Statutory and the Internal Auditors and meet with them to discuss their findings, suggestions and other related matters. The Committee is empowered to review the remuneration payable to the Statutory Auditors and to recommend a change in Auditors, if felt necessary.

#### Composition and Attendance

The Audit Committee comprised of Dr. Mukund Abhyankar, Sri Ashok Kumar V Patel and Shri Navnitkant Patel, two independent Directors with vast experience in and knowledge of corporate affairs & finance.

As and when necessary, senior functionaries are called to the meeting. The Company Secretary acts as the Secretary of the Committee.

The scope of Audit Committee shall include but will not be restricted to the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary
5. Oversight of the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statements are correct, sufficient and credible.
6. Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
7. Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
  - i. Any changes in accounting policies and practices.
  - ii. Major accounting entries based on expertise of judgments by management.
  - iii. Qualification in Draft audit report.
  - iv. Significant adjustments arising out of audit
  - v. The going concern assumption
  - vi. Compliance with accounting standards
  - vii. Compliance with Stock Exchange and legal requirements concerning financial statements.
  - viii. Any related party transactions i.e. transactions of the Company of material nature with promoters of the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of Company at large.
8. Reviewing the adequacy of the Internal Audit function including its structure of the Internal Audit Department staffing and seniority of the Officials heading the department, reporting structure coverage and frequency of Internal Audit.
9. Discussion with Internal Auditors on any significant findings and follow up thereon.
10. 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 system of a material nature and reporting the matter to the Board.
11. Discussion with the External Auditor before the audit commences, the nature and scope of audit as well as to have post audit discussion to ascertain any area of concern.
12. Reviewing the Company's financial and risk management policies.
13. 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.
14. It shall have discussion with the auditors periodically about internal control system, the scope of audit, including the observations of the Auditors and review the quarterly, half yearly and annual financial statements before submission to the Board.
15. To review the implementation of the proposed utilization of funds.
16. It shall ensure compliance of internal control system.
17. The Chairman of the Audit Committee shall attend the Annual General Meeting of the Company to provide any clarification on any matter relating to audit sought by the members of the Company.

#### **Shareholders/Investor Grievance Committee**

The Shareholders/Investors Grievance Committee was constituted at the Board Meeting of the Company held on 21/06/2006.

The Committee meets as and when required, to deal with matters relating to transfers/transmissions of shares and monitors redressal of complaints from shareholders relating to transfers, non-receipt of balance sheet, non-receipt of dividends declared, etc. With a view to expediting the process of share transfers, the Chairman of the Committee & Secretary is authorized to approve of transfers / transmissions of shares.

#### **Composition and Attendance**

The Company's Share Transfer and Shareholder / Investors Grievance Committee functions under the Chairmanship of Mr.Vithal S.Patel and comprises of Shri Navnit A.Patel and Mr.Yashwant C.Patel

#### **Remuneration Committee**

The Remuneration Committee was constituted on 05<sup>th</sup> March 2007

The role of the Remuneration / Compensation Committee is to review market practices and to decide on remuneration packages applicable to the Managing Director and Senior Executives of the Company. During the

course of review, the Committee also decides on the other incentives payable, taking into account the individuals performance as well as that of the Company. This Board Committee is vested with the responsibility to function as per SEBI guidelines and recommends to the Board the Compensation package for the senior level management employees. It also reviews from time to time the overall compensation structure and related policies with a view to attract, motivate and retain employees.

**Composition and Attendance**

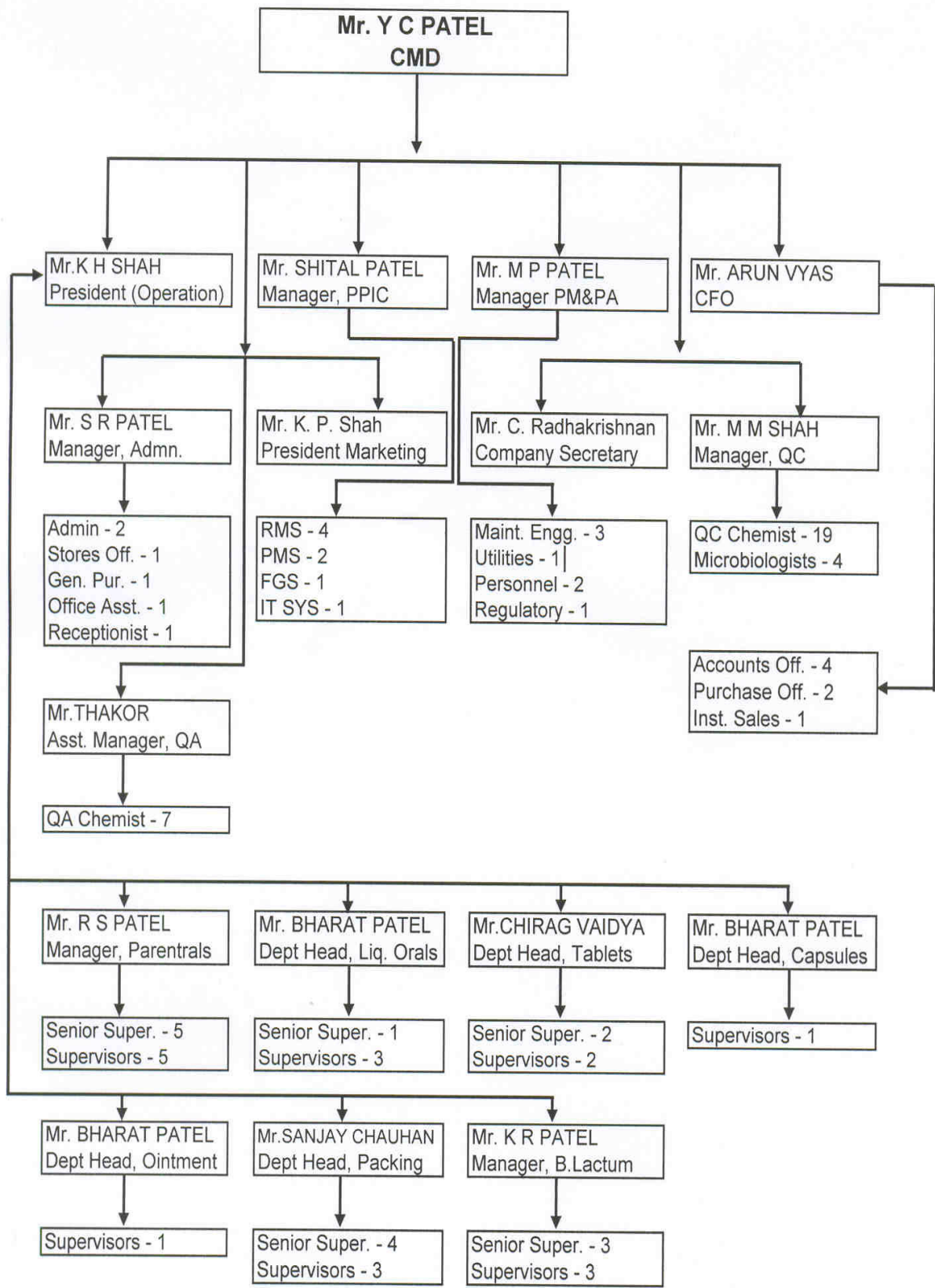
The Remuneration / Compensation Committee comprised of Shri Vithal S.Patel, Smt.Suhasini R.Patel and Shri Ashok V.Patel.

**Corporate Governance**

The basic philosophy of corporate governance in the Company is to achieve business excellence, comply with laws and regulations and dedicate itself for increasing long-term shareholder value, keeping in view the needs and interests of all its stakeholders. The Company is committed to transparency in all its dealings and places high emphasis on business ethics. For several years the Company has been following good corporate governance procedures long before they were mandated. The Company believes that good Corporate Governance, with transparency and independence as its key ingredients, provides a market, oriented framework for the objectives of Companies

The company has adopted a Code of Corporate Governance, which is in line with the best practices. Every employees of the Company is bound by this Code that sets forth the Company's policies. The Company endeavors to implement the Code of Corporate Governance in its true spirit.

The provisions of the listing agreement to be entered into with the stock exchange (s) with respect to corporate governance will be applicable to the Company immediately upon the listing of our Equity Shares on the stock exchange (s). The Company undertakes to adopt the Corporate Governance Code as per Clause 49 of the listing agreement to be entered into with the stock exchange (s) prior to listing.



## KEY MANAGERIAL PERSONNEL

As on 31<sup>st</sup> March 2007, Elysium Pharmaceuticals Limited employs 116 personnel in various capacities the key personnel who head business units and management functions possess adequate qualifications and experience in their respective fields. The summarized data on existing key managerial personnel is given below:

Sr. No.	Name, Age and Designation	Qualification & Experience	Year of Joining	Functional Responsibility	Previous Employment	Annual Salary (Rs. in Lacs)
1.	Mr. Krishnakant H. Shah President (Operations), Age 51 years	M.Pharm in Pharmaceuticals and Pharmaceutical Analysis	2006	Involved in the day to day management of the production of the plant, handling of regulatory authorities and various clients' local and international Regulatory Audits. Also looks after the Quality Assurance and Quality Control of the manufacturing Process.	Sarabhai Chemicals Limited, Vadodara	6.0
2.	Mr. Mohanbhai P. Patel, Age: 51 years, Manager-Production & Maintenance and In-charge Personnel & Administration	B.Sc., M.Sc.	1995	Involved from day one in carrying out Project implementation including technical aspects. In-charge of production and maintenance. Job includes production planning and execution. Looking after maintenance of plant and equipment, handling of purchase department and personnel.	Gem Surgicals Pvt.Ltd., Makarpura	4.8
3.	Mr. Arun Vyas, Age: 40 years Chief Financial Officer	B.Com., C.A. Inter	1997	Complete in-charge of Finances and Accounts. Responsible for preparation of accounts leading up to Balance Sheet. Also responsible for Excise and other Govt. levies	Modern Petrofils	4.8
4.	Mr. Shital N. Patel, Age: 37 years, Manager-Production Planning and Inventory Control	B.Com. M.Com. DBM(Diploma in Business Management)	1997	Planning of Production with respect to requirements of customers including own marketing needs. Liaison with customers with respect to their requirements and planning of the same. In-charge of Raw	Nil	4.2

				Materials Packing Materials and finished product inventories.		
5	Mr. Suryakant R. Patel, Age: 68 years, Manager-Civil and General	<b>Diploma in Civil Engineering</b>	1995	Worked as Project Manager (Civil) since day one. In-charge of all expansion and maintenance work (Civil) including planning, preparation material estimates and execution		1.8
6.	Mr. R.S. Patel, Age: 42 years, Manager – Parenterals	<b>M.Sc. with Microbiology</b>	1996	In-charge of Parenteral Dept. In-charge Production and Maintenance of Microbial aspects and particulate matter.	M/s Neek Injectibles Pvt. Ltd.	3.08
7.	Mr. M.M. Shah, Age: 60 years, Manager – Quality Control	<b>B.Sc., with short course in Statistical Quality Control</b>	1999	Quality Control of Raw Materials, Packing Materials and Finished Products including Microbiology	Sarabhai Chemicals Ltd	2.34
8.	Mr. K. P. Shah, Age: 50 years, President – Marketing	<b>B.Sc.</b>	May 2005	Looking after all aspect of Marketing including allocations of customers’ requirements, follow-up on market responses, analysis, billing and recovery. Budgeting with respect to sales and expenses. Introduction of new products in the Market.	M/s. Rekvina Pharmaceuticals, Baroda	4.2
9.	Mr. C. Radhakrishnan, Age: 54 years, Company Secretary	<b>B.A., LL.B (General), C.S.</b>	January 2007	Work relating to Secretariat Department.	Indian Petrochemicals Corporation Ltd.	2.4

Except Mr. Shital Patel who is the son of Mr.Navnit A.Patel (Promoter), the Company confirms that the key managerial personnel are not related with the promoters of the company.

#### Changes in the Key Managerial Personnel during the last 3 years

S. No.	Name of the Person	Designation	Date of Appointment	Date of Leaving
1.	Mr. Vishal Shah	Company Secretary	21.05.2006	November, 05 2006
2.	Ms. Jignasha N. Oza	Quality Assurance Manager	10.09.1999	January 28, 2007
3	Mr K H Shah	President ( Operations )	13 08 2007	---
4	Mr C Radhakrishnan	Company Secretary cum Compliance Officer	20 <sup>th</sup> May 2007	

## PROMOTERS

### Mr. Yashwant C. Patel



S/o Chunibhai Chotabhai Patel

Date of Birth: 28.10.1952

Qualification: B.Com & LLB, Baroda

Work Experience:

1976-1980: M/s Nima Printery, Vadodara; Own Business

1981-1990: M/s Sryna Surgical, Vadodara; Own Business

1995 Onwards: ELYSIUM PHARMACEUTICALS LTD., Vadodara; CMD

Voter Id Card

GJ/22/149/409191

PAN Card

ADXPP1349M

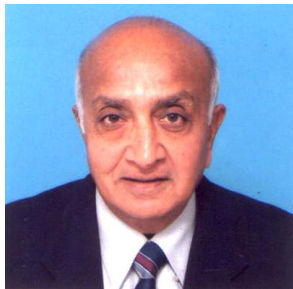
Driving License No.

-

Passport No.

E1588329 DT 09.05.2002 AHMEDABAD

### Mr. Navnit A. Patel



S/o Ambalal Laxmidas Patel

Date of Birth: 26.01.1942

Qualification: BSc Engineering (Mechanical), London

Work Experience:

1967-1972: M/s Africa Textile Mills Ltd., Uganda; General Manager

1973-1975: M/s Shalimar Biscuits Pvt. Ltd., Hyderabad; Plant Executive

1975-1990: M/s Gujarat Metal Cast Pvt. Ltd., Vadodara; Own Company

1991-1994: Foundry Consultant; Vadodara

1995 Onwards: ELYSIUM PHARMACEUTICALS LTD., Vadodara; Director

Voter Id Card

-

PAN Card

ADFPP0164N

Driving Licence No.

GJ06/025905/02

Passport No.

702743842 DT 04.05.2000 MUMBAI

### Mrs. Suhasini R. Patel



D/o Purshottam Patel

Date of Birth: 02.07.1947

Qualification: B. Sc. (Chemistry), B. Ed (Maths and Science), Gujarat

Work Experience:

1968-1969: Shree B. M Patel High School, Gujarat; Teacher

1973.1978: Mahatma Gandhi high School, Vadodara; Teacher

1978-1980: Nima Printery, Vadodara; Own Business

1981-1990: Sryna Surgical, Vadodara: Own Business

1995 Onwards: ELYSIUM PHARMACEUTICALS LTD., Vadodara; Director

Voter Id Card

-

PAN Card

ADXPP1361K

Driving License No.

GJ06/005585/05

Passport No.

A5736661 DT 19.06.1998 AHMEDABAD

**Mr. Arun A. Vyas**

S/o Abhayakaran Vyas  
Date of Birth: 08.12.1968  
Qualification: B. Com, Inter C.A.  
Work Experience:  
1992: Looker &Co., Jodhpur; Articleship  
1992-1995: Chandora Cement Pvt. Ltd., Jodhpur; Accounts Officer  
1995-1997: Modern Petrofils, Dist. Baroda; Accounts Officer,  
1997 Onwards: ELYSIUM PHARMACEUTICALS LTD., Vadodara;  
Chief Financial Officer

Voter Id Card  
PAN Card  
Driving Licence No.  
Passport No.

BDT1441542  
AAZPV7848J  
GJ06/046709/02  
F7638348

**Mr. Mohanbhai P. Patel**

S/o Prabhahai Patel  
Bate of Birth: 29.01.1956  
Qualification: MSc  
Work Experience:  
1980-1984: Premier Chemical, Vadodara; Chemist  
1984-1990: Sryan Surgical, Vadodara; Chemist  
1996 Onwards: ELYSIUM PHARMACEUTICALS LTD, Vadodara; Factory  
Manager

Voter Id Card  
PAN Card  
Driving License No.  
Passport No.

FCV1661248  
AEUPP4873J  
GJ/06/VD/1994 98009  
E0849527

We confirm that the Permanent Account Number, Bank Account Number and the Passport Number of the above mentioned individuals shall be submitted to the BSE at the time of filing of the Draft Prospectus with them.

**Common Pursuits****Interest of Promoters**

All the Promoters are interested in the Promotion of the Company and are also interested to the extent of their shareholding, for which they are entitled to receive the dividend declared, if any, by the Company. Some of the Promoters may also be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them under the Articles.

The Chairman and Whole time Directors are interested to the extent of remuneration paid to them for services rendered to the company. Further, the Promoters are interested to the extent of equity shares that they are holding and or allotted to them out of the present Issue, if any, in terms of the Draft Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

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

Mr.V.S.Patel, Independent Director of the Company, is associated with M/s B. Mehtalia Consultants Pvt. Ltd, Mumbai engaged in developing several projects, including the proposed MHRA Project of ELYSIUM.

#### **Payment or Benefit to Promoters**

For details of payments or benefits paid to the promoters, please refer to the paragraph “Compensation to Managing Directors/Whole time Directors” in the section titled ‘Our Management’ in this Draft Prospectus.

#### **Related Party Transactions**

For details of related party transactions, please refer to section titled “Related Party Transactions” on page no 89 of this Draft Prospectus.

**RELATED PARTY DISCLOSURES**

<b>Transactions between the company and Directors, Related parties as on 31.03.2007</b>				
<b>Particulars</b>	<b>Amount in Rupees</b>			
	<b>Directors</b>	<b>Relatives of Directors</b>	<b>Key Management Personnel (other than Directors)</b>	<b>Total</b>
<b>Purchase from</b>				
Easypack			384045	<b>384045</b>
<b>Remuneration paid to</b>				
Mr. Yashwant C. Patel	1200000			
Mrs. Suhasini R. Patel	300000			
Mr. Navnitkant A Patel	300000			<b>1800000</b>
<b>Interest Paid to</b>				
Mr. Yashwant C. Patel	247022			
Mrs. Suhasini R. Patel	138661			
Mr. Navnitkant A Patel	403485			<b>789168</b>
<b>Interest Paid to</b>				
Mr. Ajay C. Patel		64184		
Mr. Rajnikant R. Patel		59225		
Mrs. Manjulaben N. Patel		2594		
Mr. Pradip C. Patel		105762		
Mrs. Purnimaben Y. Patel		64989		
Mrs. Santaben C. Patel		56664		
Mr. Shital N. Patel		5318		<b>358736</b>
<b>Loan Received from</b>				
Easypack			33000	<b>33000</b>
<b>Loan Repayment to</b>				
Easypack			33000	<b>33000</b>
<b>Loan Repayment to</b>				
Mr. Yashwant C. Patel	1416527			
Mrs. Suhasini R. Patel	1218960			
Mr. Navnitkant A Patel	4002277			<b>6637764</b>
<b>Loan Repayment to</b>				
Mr. Ajay C. Patel		762603		
Mr. Rajnikant R. Patel		520647		
Mrs. Manjulaben N. Patel		32466		
Mr. Pradip C. Patel		886208		
Mrs. Purnimaben Y. Patel		53880		
Mrs. Santaben C. Patel		664656		
Mr. Shital N. Patel		66843		
Ms. Shivani Y. Patel		1819		<b>2989122</b>
<b>Total</b>	9226932	3347858	450045	<b>13024835</b>

## **DIVIDEND POLICY**

Dividends may be declared at the Annual General Meeting of the Shareholders based on a recommendation by the Board of Directors. The Board of Directors may recommend dividends, at its discretion, to be paid to the members. Generally the factors that may be considered by the Board, but not limited to, before making any recommendations for the dividend include future expansion plans and capital requirements, profits earned during the financial year, cost of raising funds from alternate sources, liquidity, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of investors from time to time and money market conditions. The Company has not paid any dividends during the past 5 years.

## **SECTION IV: FINANCIAL STATEMENTS**

The following summary of consolidated financial data has been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of O. P. Rathi & Co., Chartered Accountants dated 29.08.2007 in the section entitled "Financial Information" on page no. 97 of this Draft Prospectus. You should read this financial data in conjunction with the Company's restated consolidated financial statements for each of Fiscal 2003, 2004, 2005 2006 and 2007, including the Notes thereto and the Reports thereon, which appears under Para on "Auditors Report" in this Draft Prospectus, and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

### **AUDITORS' REPORT:**

**(As required by the Part II of the Companies Act, 1956)**

To,  
**The Board of Directors**  
**Elysium Pharmaceuticals Limited**  
Post -Dabhasa,  
Tal-Padra,  
Dist.-Baroda.  
Gujarat - 391 440

**Subject: Proposed Public Issue of Elysium Pharmaceuticals Limited**

**Dear Sirs,**

We have examined and found correct the Audited Accounts of M/s Elysium Pharmaceuticals Limited for the past five accounting years ended on 31-3-2003, 31-03-2004, 31-03- 2005 31-03-2006 and 31.03.2007 being the last date up to which the accounts of the Company have been made up and audited by us. At the date of signing this report, we are not aware of any material adjustment, which would affect the result shown by these accounts in accordance with the requirement of Part II of Schedule II to the Companies Act, 1956.

In accordance with the requirements of Paragraph B (1) of Part II of Schedule II to the Companies Act 1956 (the Act), the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 (SEBI Guidelines) and our terms of reference with the Company dated 29.08.2007 requesting us to make this report for the purpose of the Offering Memorandum as aforesaid, we report that:

(a) The restated profits of the Company for the accounting years ended 31-3-2003, 31-3-2004, 31-3-2005 31-03-2006 and 31-03-2007 are as set out in Annexure I to this report. These profits have been arrived at after charging all expenses including depreciation and after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the Notes appearing in Annexure III & IV to this report.

(b) The restated assets and liabilities of the Company as at 31-3-2002, 31-3-2003, 31-3-2004, 31-3-2005 and 31-03-2006 are as set out in Annexure II to this report after making such adjustments and regroupings as in our opinion are appropriate and more fully described in the notes appearing in Annexure III, IV and V to this report.

(c) We have examined the following financial information relating to the Company prepared by the management and approved by the Board of Directors for the purpose of inclusion in the Offer document: -

- i. Extract of qualification in the Financial Statement as appearing in Annexure V to this report.
- ii. Changes in Significant Accounting Policies as appearing in Annexure VI to this report.
- iii. Accounting Ratios as appearing in Annexure VII to this report.
- iv. Capitalization Statement as appearing in Annexure VIII to this report
- v. Statement of tax shelters as appearing in Annexure IX to this report.
- vi. Details of other income as appearing in Annexure X to this report
- vii. Details of sundry debtors as appearing in Annexure XI to this report
- viii. Details of loans and advances as appearing in Annexure XII to this report

- ix. Details of secured loans as appearing in Annexure XIII to this report
- x. Details of unsecured loans as appearing in Annexure XIV to this report.
- xi. Details of Transactions with related parties as appearing in Annexure XV to this report.

(d) In our opinion the above financial information of the Company read with Significant Accounting Policies and notes on account attached in Annexure IV to this report, after making adjustments and re-grouping as considered appropriate has been prepared in accordance with Part II of Schedule II of the Act and the SEBI Guidelines.

(e) This report is intended solely for your information and for inclusion in the Offer document in connection with the specific Public Offer of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

Thanking you,  
**O. P. Rathi & Co.**  
**Chartered Accountants**

**O P Rathi**  
**Partner**  
**Membership No. 030458**  
**Place: Vadodara**  
**Date: 29.08.2007**

**Annexure I**  
**Restated Profit and Loss Statement for the Company**

	<i>Rs. in lacs</i>				
Particulars	<i>Year Ended</i>				
	<b>31-Mar-03</b>	<b>31-Mar-04</b>	<b>31-Mar-05</b>	<b>31-Mar-06</b>	<b>31-Mar-07</b>
Income from Sales and Services	3054.24	3478.77	2414.37	2062.51	2440.77
Other Income	8.79	5.58	10.46	14.67	27.58
Increase / Decrease in stock of Finished Goods	37.91	-51.19	-86.84	-96.12	28.42
<b>Total Income</b>	<b>3100.94</b>	<b>3433.16</b>	<b>2337.98</b>	<b>1981.06</b>	<b>2496.77</b>
Material Cost	1569.64	1924.35	877.56	604.33	755.81
Power and Fuel	120.16	137.61	159.14	154.87	188.67
Employee Cost	324.63	327.71	381.72	325.40	464.04
Production Overheads	458.81	453.03	277.08	95.21	95.39
<b>Total Direct Expenses</b>	<b>2473.24</b>	<b>2842.70</b>	<b>1695.50</b>	<b>1179.81</b>	<b>1503.91</b>
Administrative Overheads	69.63	61.90	71.31	61.69	90.02
Financial Charges (interest)	224.42	248.21	241.11	200.15	197.07
Marketing Overhead	164.84	156.05	189.69	79.41	120.18
Depreciation	93.17	102.57	116.27	118.58	136.16
<i>Preliminary Expenditure Written off</i>	<i>3.07</i>	<i>3.07</i>	<i>15.03</i>	<i>19.07</i>	<i>19.07</i>
<b>Total Indirect Expenses</b>	<b>555.12</b>	<b>571.80</b>	<b>633.41</b>	<b>478.90</b>	<b>562.50</b>
<b>Total Expenses</b>	<b>3028.36</b>	<b>3414.50</b>	<b>2328.91</b>	<b>1658.71</b>	<b>2066.41</b>
<b>Prior Year Adjustment (Gratuity)</b>					
<b>Profit before taxation</b>	<b>72.58</b>	<b>18.66</b>	<b>9.07</b>	<b>322.36</b>	<b>430.36</b>
Provision for Income Tax	5.71	7.16	5.24	25.38	110.05
Fringe Benefit Tax	0.00	0.00	0.00	2.00	3.00
Provision for Deferred Tax	(34.03)	(14.65)	(10.86)	(107.46)	(23.54)
<b>Net profit / (loss) after taxes</b>	<b>32.84</b>	<b>(3.15)</b>	<b>(7.03)</b>	<b>187.52</b>	<b>293.77</b>

**Annexure II**  
**Restated Assets and Liabilities**

Particulars		Rs. in Lacs				
		As At				
		31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
<b>A</b>	<b>Fixed Assets</b>					
	Gross Block (including Capital WIP)	1712.27	1910.31	2174.14	2867.24	3280.24
	Capital WIP	-	27.23	-	-	0.00
	Less: Depreciation	418.43	521.01	637.28	755.87	892.03
	<b>Net Block</b>	<b>1293.84</b>	<b>1416.53</b>	<b>1536.86</b>	<b>2111.37</b>	<b>2388.21</b>
	Investments					
<b>B</b>	<b>Current Assets, Loans and Advances</b>					
	Sundry Debtors	698.74	880.82	775.47	536.86	746.79
	Cash and Bank Balances	5.93	4.19	0.94	0.75	3.87
	Loans and Advances	96.11	122.63	76.78	127.70	268.85
	Deposits	26.79	44.17	32.37	31.67	32.74
	Inventories	609.01	784.52	759.96	711.15	832.79
	<b>Total Current Assets, Loans and Advances</b>	<b>1436.58</b>	<b>1836.33</b>	<b>1645.52</b>	<b>1408.13</b>	<b>1885.04</b>
<b>C</b>	<b>Liabilities and Provisions</b>					
	Secured Loans	1199.63	1420.72	1475.38	1397.99	1386.04
	Unsecured Loans	497.44	587.75	354.45	341.86	114.68
	Deferred Tax Liability	120.78	135.43	146.30	253.82	277.36
	Current Liabilities and Provisions	409.49	605.98	714.95	478.31	656.11
	<b>Total Liabilities and Provisions</b>	<b>2227.34</b>	<b>2749.88</b>	<b>2691.07</b>	<b>2471.98</b>	<b>2434.19</b>
<b>D</b>	<b>NETWORTH</b>	<b>503.08</b>	<b>502.98</b>	<b>491.31</b>	<b>1047.52</b>	<b>1839.06</b>
<b>E</b>	Represented by					
	1. Share Capital	500.00	500.00	500.00	840.00	1269.17
	2. Share Application Money	-	-	-	50.00	110.91
	3. Reserves	<b>156.47</b>	<b>153.31</b>	<b>146.27</b>	<b>333.78</b>	627.55
	Less: Deferred Revenue Expenditure	153.39	150.33	154.96	176.26	168.57
	<b>NETWORTH</b>	<b>503.08</b>	<b>502.98</b>	<b>491.31</b>	<b>1047.52</b>	<b>1839.06</b>

### Annexure III

#### Notes on Adjustments for Restated Financial Statements

##### EXPLANATORY NOTES FOR THE ADJUSTMENTS MADE:

###### 1. Depreciation:-

The company had in the year / (s) 2003 / 04 and 2004 / 05 had charged depreciation at 50% of the applicable rates of depreciation as provided under Schedule XIV of the Companies Act, 1956. In the restated accounts we have charged off the depreciation at the applicable rate in those two years. Corresponding changes in depreciation of the subsequent years due to changes in the Written Down Value (WDV) has been made.

###### 2. Deferred Tax:

Adjustment has been made to provision for deferred tax of relevant years. The deferred tax for the previous years has been provided at the substantially enacted rate at the date on which the restated was signed.

##### EXPLANATORY NOTES FOR THE ADJUSTMENTS NOT MADE

###### 1. Provision of Gratuity and Leave Encashment:

Accounting Standard 15 – ‘Accounting for Employee Benefits’ the company had not provided for gratuity and leave encashment in the earlier years. However in the restated accounts the company has provided for Rs. 10.43 Lacs, Rs. 3.56 Lacs, Rs. 3.52 Lacs, Rs. 3.27 Lacs, Rs. 3.29 Lacs for the year ended 31/03/02, 31/03/03, 31/03/04, 31/03/05, 31/03/06 respectively, aggregating to Rs. 24.07 Lacs of liability towards gratuity. In the absence of actuarial valuation report we are unable to comment on the sufficiency of the provision for gratuity.

###### 2. Write off of Deferred Revenue Expenditure:

Non Provision for the additional charge to profit and loss account for deferred revenue expenditure debited to the account for the year ended 31/3/2006 and 31/03/2007, in line with the Accounting for Intangible Assets AS-26 issued by the Institute of Chartered Accountants of India. This the company contends will be provided from the year ended 31/03/2008 as these expenses are towards the Initial Public Issue which would be completed in 2007 – 08.

### Annexure IV

#### Significant Accounting Policies

Some of our accounting policies are particularly important to the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following significant accounting policies warrant additional attention:

##### 1. Accounting Convention – basis of preparation of financial statements

The Accounts of the Company are prepared under the historical cost convention and in accordance with applicable accounting standard, for recognition of income and expenditure; mercantile system accounting is followed except where stated otherwise.

##### 2. Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable cost of bringing assets to working condition for its intended use. The Company provides the depreciation on the fixed assets at the rates specified in Schedule XIV of the Companies Act, 1956 on straight-line method.

Cenvat Credit availed on the purchase of fixed assets is reduced from the cost of respective assets.

Depreciation on Fixed Assets added / disposed off during the year is provided for on pro-rata basis with reference to the month of addition / disposal.

### 3. Retirement Benefits

Liability for retirement benefit and earned leaves of the employed is accounted on cash basis.

Liability for retirement benefit and earned leaves of the employed is accounted on accrual basis based on actuarial valuations.

### 4. Valuation of inventory

Stock of finished goods is valued at cost or market price which ever is lower. Stock in process, packing materials, stores and spares and raw material is valued at cost.

### 5. Excise Duty

Excise duty on manufactured goods lying in the factory premises is accounted for at the time of clearance thereof. However, this has no impact on the operating results of the Company.

### 6. Revenue Recognition

Sales are recognized when goods are supplied to customers and are recorded inclusive of excise duty and net of rebates and trade discounts.

#### Annexure V

#### Qualifications to Accounts

##### Financial Year 2002-03

- AS-22 i.e. Accounting for taxes on income not complied with
- Provident Fund Dues to be deposited

##### Financial Year 2003-04

- AS-22 i.e. Accounting for taxes on income not complied with
- Change in Rates of Depreciation to half for op. block & quarter for new addition as against rate as per Schedule XIV.
- Co. is in process of redefining of internal audit system.
- Disputed dues of Rs. 9.6 Lacs pending before income tax authorities.

##### Financial Year 2004-05

- AS-22 i.e. Accounting for taxes on Income Not Complied with
- AS-15 i.e. Accounting for Retirement Benefit. Co. has not accounted for the retirement benefit on accrual basis
- Change in Rates of Depreciation to half for op. block & quarter for new addition as against rate as per Schedule XIV.
- The Company is in the process of updating records relating to Fixed assets
- There is lack of internal control procedures commensurate with the size of business with regard to purchase, sale, Fixed assets
- The Company is not regular is in the depositing undisputed statutory dues.

##### Financial Year 2005-06

- Company has not provided for short provision for depreciation for last two financial years namely 2003-04 & 2004-05.
- AS-28 i.e. Impairment of Assets, comes into picture when *Carrying amount of assets in books < the recoverable amount of assets* In absence of detailed calculation made available to auditors, profit shown is by subject to such loss if any.
- AS-15 i.e. Accounting for Retirement Benefit. Co. has not been accounted for the retirement benefit on accrual basis. Since actuarial valuation report is not available to the auditors difference in actual provision and provision as per valuation cannot be quantify.
- Balances of Debtors, Creditors and consignee agents are subject to confirmation and quantification of charge to profit & loss account is unascertainable.
- The Company is in the process of updating records relating to Fixed assets
- There is lack of internal control procedures commensurate with the size of business with regard to purchase, sale, Fixed assets
- The Company is not regular is in the depositing undisputed statutory dues.

### Financial Year 2006-07

- AS-28 i.e. Impairment of Assets, The Company is in the process of assessing the impairment of loss if any. In absence of detailed calculation made available to auditors, profit shown is subject to such loss if any.
- AS-15 i.e. (Revised 2005) "Employee Benefits". The Company has not accounted employee benefits as per accounting standard 15. As no actuarial calculations have been done, the auditors are unable to quantify the charge to profit and loss account if any.
- Balances of Debtors, Creditors and consignee agents are subject to confirmation and quantification of charge to profit & loss account is unascertainable.
- The Company is in the process of updating records relating to Fixed assets
- The contracts or arrangement referred to Section 301 that needed to be entered into the register have not been added.
- Records under Section 209(1)(d) of the Companies Act, 1956 in respect of the Company's products have not been kept in the prescribed manner.
- The Company has not deposited provident fund amount regularly. However, based on management assertions, there are no outstanding PF dues on the date of signing the report.
- Disputed dues in respect of Income tax pending before Income Tax Authority and Provident Fund pending before the Provident Fund Authorities have not been deposited as the matter is pending before the respective authorities.

### Annexure VI

#### Changes in Significant Accounting Policies

Financial Year 03-04

The Company has changed its policy of charging depreciation. As the Company's management viewed due to short utilization of plant capacity, charging of full Depreciation as per Companies Act, 1956 would not be appropriate. Hence, the management had applied half the rates for opening block and quarter rates for new additions (without considering the date of addition) given under Schedule XIV of Companies Act, 1956. Accordingly the depreciation had been under charged by Rs.46 Lacs.

### Annexure VII

#### Accounting Ratios

Particulars	<i>Rs. in Lacs</i>				
	As At				
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
Net profit before extraordinary items but after tax. As restated (A)	32.84	-3.15	-7.03	187.52	293.77
Less: Preference dividend including tax on dividend	-	-	-	-	-
Net profit after preference dividend (B)	32.84	-3.15	-7.03	187.52	293.77
Net Worth excluding share application and revaluation reserve at the end of the year (C)	503.08	502.98	491.31	997.52	1728.15
Net worth excluding share application and revaluation reserve and preference Share capital at the end of the year (D)	503.08	502.98	491.31	997.52	1728.15

Weighted average number of equity Shares outstanding during the year (E)	5000000	5000000	5000000	7567123	10974850
Add: Effect of share application money	-	-	-	5479	270270
Weighted average number of equity Shares outstanding during the year (F) Nos-Dilutive	5000000	5000000	5000000	7572602	11245120
Total Number of Equity shares outstanding at the end of the year (G) Nos.	5000000	5000000	5000000	8400000	12691700
<b>Earning Per share</b>					
Basic (B/E)	0.66	-0.06	-0.14	2.48	2.68
Diluted (B/F)	0.66	-0.06	-0.14	2.48	2.61
Return on Net Wroth (%) (A/C)	0.07	-0.01	-0.01	0.19	0.17
Net Asset Value or Book Value per share (Rs.)	10.06	10.06	9.83	11.88	13.62
(D/G)					

**NOTES:**

1. For all the calculations face value of shares has been assumed at Rs.10/- per share
2. EPS has been calculated on weighted average capital balance
3. Earning per share calculations in accordance with Accounting Standard 20 i.e. Earning per Share

**Annexure VIII  
Capitalization Statement as at 31<sup>st</sup> March 2007**

Particulars	<i>Rs. in Lacs</i>	
	Pre Issue	Post Issue
<b>Debt</b>		
Short-term debt	776.20	1129.83
Long-term debt	724.50	609.40
<b>Total Debt</b>	<b>1500.70</b>	<b>1739.23</b>
<b>Shareholder's Funds</b>		
Equity Share capital (Ref. Note 2)	1380.08	[•]
Reserves and Surplus	698.56	[•]
Less: Deferred Revenue Expenditure	168.56	[•]
<b>Total Shareholders Funds</b>	<b>1910.08</b>	
Long term debt / Shareholders' Funds	0.38	[•]

**Note:**

1. Debts repayable within the next one year from 31 March 07 are considered as short-term debts
2. Equity Share Capital includes Share Application Money
3. The post-issue debt-equity ratio will be computed on the conclusion of the issue

**Annexure IX**  
**Statement of Tax Shelters**

Particular	31/03/2007	31/03/2006	31/03/2005	31/03/2004	31/03/2003
Profit Before Tax as Restated	430.36	322.36	9.07	18.66	72.58
Tax Rate	33.66	33.66	36.59	35.88	36.75
Tax As per Actual Profit	144.86	108.51	3.32	6.70	26.67
(A) Timing Differences					
Depreciation	22.83	18.06	41.26	40.63	25.35
Gratuity	0.55	0			
Unabsorbed and brought forward depreciation and losses		83.53	5.31		
Difference due to restatement adjustments			-24.26	-21.86	-1.32
MAT Credit of Earlier year	23.17				
<b>Total</b>	<b>46.55</b>	<b>101.59</b>	<b>22.31</b>	<b>18.77</b>	<b>24.03</b>
(B) Permanent Differences					
Disallowance U/s 2 (24) (x)			-8.38	-8.46	-9.19
Donation				-0.35	-0.9408
<b>Total</b>	<b>0.00</b>	<b>0.00</b>	<b>-8.38</b>	<b>-8.81</b>	<b>-10.13</b>
Total Adjustments	46.55	101.59	13.93	9.96	13.90
Tax Payable for the Period	98.31	6.91	-10.61	-3.27	12.77
Current Tax as per Profit and Loss Account	110.05	25.31*	5.65*	7.16*	5.71#

\*Mat Payable

# Short Provisioning of Income Tax

**Annexure- X**  
**Other Income**

Particulars	Rs lacs				
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
Recurring					
Testing Charges	6.30	3.38	6.67	11.71	5.81
Other Recovery	2.48	2.18	3.78	2.96	0.48
<b>Total Recurring</b>	<b>8.78</b>	<b>5.56</b>	<b>10.45</b>	<b>14.67</b>	<b>6.29</b>
Non-Recurring					
Profit from Share Trading / Derivative Transactions	0.00	0.00	0.00	0.00	21.29
<b>Total Non - Recurring</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>21.29</b>
<b>Total (Recurring + Non Recurring)</b>	<b>8.78</b>	<b>5.56</b>	<b>10.45</b>	<b>14.67</b>	<b>27.58</b>
<b>Profit before Taxation (as restated)</b>	<b>72.58</b>	<b>18.06</b>	<b>9.07</b>	<b>322.36</b>	<b>430.37</b>
<b>Other Income as % of Total Income</b>	<b>0.29</b>	<b>0.16</b>	<b>0.47</b>	<b>0.71</b>	<b>1.13</b>

**Annexure XI**  
**Sundry Debtors**

Particulars	Rs. in Lacs				
	As At				
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
Debts Outstanding for Over 6 Months	76.75	375.12	474.99	159.33	343.17
Debts Outstanding for Below 6 Months	621.98	505.70	300.47	377.53	403.62
<b>Total</b>	<b>698.73</b>	<b>880.82</b>	<b>775.46</b>	<b>536.86</b>	<b>746.79</b>

**Annexure XII**  
**Loans and Advances**

Particulars	Rs. in Lacs				
	As At				
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
Advance recoverable in cash or in kind or For value to be received	66.11	35.60	27.52	21.36	100.74
Tax Deducted at Source (assets)	18.70	30.09	45.47	65.93	94.82
Loans to Workers & Staff	10.13	8.35	3.79	4.09	5.79
Cenvat Account	1.17	14.53	-	5.45	6.86
Excise Duty on closing stock of finished goods	-	34.06	-	0.00	-
Receivable Conversion charges on Finished Goods and WIP	-	-	-	30.88	60.64
<b>Total</b>	<b>96.11</b>	<b>122.63</b>	<b>76.78</b>	<b>127.70</b>	<b>268.85</b>

**Annexure XIII**  
**Secured Loans**

Particulars	Rs. in Lacs				
	As At				
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
<b>Term loan from banks</b>					
UTI Bank Ltd.	-	566.01	574.69	563.68	505.87
Gujarat Industrial Investment Corporation Limited	497.37	-	-	-	-
<b>Working capital loan from a bank</b>					
State Bank of India	419.2	385.11	420.10	414.89	391.42
The Bank of Rajasthan Ltd.	135.85	127.30	136.60	129.76	113.34
SBI Factors and Commercial Services Pvt. Ltd.	139.96	119.71	124.29	21.65	-
UTI Bank Ltd.	-	-	-	49.34	151.30
<b>Vehicle Loan</b>					
Vepar Vikas Co-op Bank Ltd.	3.04	2.58	2.06	0.00	
ABN Amro	4.21	2.35	0.19	0.00	
Kotak Mahindra Bank Ltd.					5.46
<b>FCNRI Loan from Bank</b>					
	0	217.66	217.44	218.67	218.65
<b>Total</b>	<b>1199.63</b>	<b>1420.72</b>	<b>1475.37</b>	<b>1397.99</b>	<b>1386.04</b>

Note: Term Loans secured by way of first charge on immovable and movable fixed assets, both present and future.

**Annexure XIV**  
**Unsecured Loans**

Particulars	Rs. in Lacs				
	As At				
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
From Directors and Relatives	242.16	449.78	287.95	296.14	76.61
Interest Bearing Long-term Dealer's Deposit	98	137.97	66.5	45.72	38.07
From Banks (Against FCNRI)	157.28	-	-	-	-
<b>Total</b>	<b>497.44</b>	<b>587.75</b>	<b>354.45</b>	<b>341.86</b>	<b>114.68</b>

**Annexure XV**  
**Transactions with Related Parties**

Related Party	Relationship	Details of Transaction	Rs. In Lacs				
			As At				
			31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
Mr. Yashwant Patel	Managing Director	Unsecured Loan Accepted	-	4.90	-	-	9.50
Mrs. Suhasini Patel	Director	Unsecured Loan Paid	-	8.10	-	-	12.19
Easypack	Enity under same Management	Purchase	14.96	11.13	8.88	3.03	3.84

**Annexure XVI**  
**Rates of Dividend Paid**

No Dividend / Bonus Shares have been declared / distributed in 2002-03, 2003-04, 2004-05 2005-06 and 2006-07.

**B: CONSOLIDATED FINANCIAL INFORMATION OF THE ISSUER COMPANY:**

Same as STAND ALONE

**C: FINANCIAL INFORMATION ON SUBSIDIARY COMPANIES:**

The company has no subsidiaries

**D: FINANCIAL INFORMATION OF THE GROUP COMPANIES**

The Group companies within the meaning of SEBI (DIP) Guidelines, 2000 and Section 370(1) B of the Companies Act, 1956 are enumerated below:

A. PROMOTER GROUP: NIL

B. CONCERNS IN, WHICH PROMOTERS ARE ASSOCIATED: NIL

C. CONCERNS IN, WHICH PROMOTERS ARE DISASSOCIATED:

**UNLISTED COMPANIES:**

**1 GEM SURGICALS PVT LTD**

Gem Surgicals Pvt Ltd, was established in the year 1987, in GIDC, Makarpura, Baroda, with an Authorised and Subscribed Capital of Rs 50.00 lacs and with an objective of Manufacturing Binding Cloth, Sri Y C Patel, Smt Suhasini R Patel and Sri Navnitkant Patel who were the Directors of this have diluted their shareholdings in this company and dissociated from the company on 18 03 2006. As on Date, none of them has any financial or controlling interest in the said company.

**2 CYBERNATION INFOTECH PVT LTD**

Cybernation Infotech Pvt Ltd was established as a BPO in the year 2000 with an Authorised capital of Rs 100.00 lacs and Paid Up Capital of Rs 27.88 lacs, with an objective of providing High Quality Medical Transcription Services to Doctors in USA. Mr Y C Patel was the Chairman of the company and Mrs Suhasini R Patel was the

Director of the company, with an Equity holding of Rs 380000 each. Both the Chairman and the Director have resigned from the company on 24 07 2006 and Presently, both of them do not have any financial or other interests in this company.

There are no companies, partnerships, sole proprietorships or other business entities, which are promoted by or belong to or are listed and have made any capital issue. Related to the promoters of Elysium Pharmaceuticals Ltd or the promoter group of Elysium Pharmaceuticals Ltd.

None of the above entities are listed companies and have made any capital issue.

## **MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS**

The following discussion of our Company's financial condition and results of operations should be read together with the audited financial statements for the FY 2005, 2006 and 2007 including the Schedules, Annexure and Notes thereto and the Reports thereon, which appear in this Draft Prospectus. These financial statements are prepared in accordance with Indian GAAP, the Companies Act, and the SEBI Guidelines as described in the Auditor's Report of O.P. Rathi & Co., Chartered Accountants dated 29.08.2007 in the section with the title 'Financial Information of our Company'.

### **OVERVIEW**

Elysium pharmaceuticals Ltd. (EPL) was established in the year 1995 as a formulation unit, situated at Dabhasa, 19 kms away from Vadodara city, Gujarat State, India. The Company commenced its manufacturing operations in the year 1997.

The Company is involved in manufacturing of sterile formulations like Liquid and Dry Parenterals, and non-sterile formulations like Tablets, Capsules, Liquid orals, Ointment, Dry Syrups. Elysium is committed to maintain and improve the quality of manufactured products to meet customer satisfaction. The systems and technology are up-graded from time to time, through continuous training and updating. The various areas of training consist of technical as well as general training like quality awareness, communication skills, attitudinal training etc.

The company has a documented procedure for receiving of raw materials, packing and packaging materials, its verification and releasing procedures. There are also documented procedures for material dispensing, batch manufacturing, assurance of quality through in-process control, batch verification at various stages (filling, packing), by production and quality assurance, in-process release of batch from quality control & quality assurance and final batch checking and its dispatch to market.

The Company hosts state of the art manufacturing facilities, which match the standards of US FDA, MCA and MCC. Apart from the above, the Company has got an approval from World Health Organisation (WHO) for Good Manufacturing Practices (GMP). The validity of which is until March 2007.

EPL also has a separate facility for the manufacturing of  $\beta$  - Lactum cum Cephalosporin group of products and is manufacturing both for themselves and other Companies like Rhone Poulenc and Torrent.

Furthermore, the Company has been approved by the Defense General Quality Assurance (DGQA) as well as Quality Assurance for Supply of Medicines to the Railways for supply of medicines to their respective departments.

### **SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR:**

The following material developments have occurred after the balance sheet date:

- Elysium Pharmaceutical Ltd. got approval from Ministry of Health, Kenya in April 2007 for directly exporting pharmaceutical products to Kenya.
- Elysium Pharmaceutical Ltd. got approval from Ministry of Health and Social Welfare, Tanzania in June 2007 for directly exporting pharmaceutical products to Tanzania.
- The company complied with all the requirements of WHO GMP and has obtained the 4th renewal of WHO GMP in September 2007. The plant is now approved till September 2009
- The Company has successfully executed an export order of Cephalothin Injection with Sterile Water For Injection to the Ministry, Costa Rica in March/April 2007.
- Major export manufacturing commenced for Glenmark Pharmaceuticals Ltd from May 2007.
- The Company commenced manufacturing of ISOVON Capsules and NIMEGESIC Tablets for ALEMBIC Ltd. for their export markets of Malaysia, Tadhikistan, Sri Lanka, Kenya and Mauritius in June 2007.
- The Company commenced manufacturing of 'VALPARIN SYRUP', a global product of M/s SANOFI-SYNTHELABO, France under Aventis Pharma Ltd. in August 2007.

- The Company has tied-up with M/s Spirit Pharma, USA in August 2007 to export Senna-Docusate Tablets for the US market.
- The Company has tied-up with East India Pharmaceutical Works Ltd. (Kolkata) in September 2007 for manufacturing their products at Elysium.

## **SIGNIFICANT ACCOUNTING POLICIES**

Preparation of financial statements in accordance with Indian Generally Accepted Accounting Principles, the applicable accounting standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, require our management to make judgments, estimates and assumptions regarding uncertainties that affect the reported amounts of our assets and liabilities, disclosures of contingent liabilities and the reported amounts of revenues and expenses. These judgments, assumptions and estimates are reflected in our accounting policies, which are more fully described in the Auditor's Report in this Draft prospectus.

Certain of our accounting policies are particularly important for the portrayal of our financial position and results of operations and require the application of significant assumptions and estimates of our management. We refer to these accounting policies as our "significant accounting policies". Our management uses its historical experience and analyses, the terms of existing contracts, historical cost convention, industry trends, information provided by our agents and information available from other outside sources, as appropriate, when forming its assumptions and estimates. However, this task is inexact because our management is making assumptions and providing estimates on matters that are inherently uncertain. While we believe that all aspects of our financial statements should be studied and understood in assessing our current and expected financial condition and results, we believe that the following accounting policies that warrant additional attention. For other details of these accounting policies kindly refer Annexure III of the Auditors' Report on Page 96 of this prospectus.

### **1. Accounting Convention – basis of preparation of financial statements**

The Accounts of the Company are prepared under the historical cost convention and in accordance with applicable accounting standard, for recognition of income and expenditure; mercantile system accounting is followed except where stated otherwise.

### **2. Fixed Assets and Depreciation**

Fixed assets are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable cost of bringing assets to working condition for its intended use. The Company provides the depreciation on the fixed assets at the rates specified in Schedule XIV of the Companies Act, 1956 on straight-line method.

### **3. Retirement Benefits**

Liability for retirement benefit and earned leaves of the employed is accounted on cash basis.

### **4. Valuation of inventory**

Stock of finished goods is valued at cost or market price which ever is lower. Stock in process, packing materials, stores and spares and raw material is valued at cost.

### **5. Excise Duty**

Excise duty on manufactured goods lying in the factory premises is accounted for at the time of clearance thereof. However, this has no impact on the operating results of the Company.

### **6. Revenue Recognition**

Sales are recognized when goods are supplied to customers and are recorded inclusive of excise duty and net of rebates and trade discounts.

## **FACTORS THAT MAY AFFECT RESULTS OF OPERATIONS**

Except as otherwise stated in this Draft Prospectus, the Risk Factors given in this Draft Prospectus, the following important factors, among others, could cause the actual results to differ materially from the expectations:

- General economic and business conditions;
- The Company's ability to successfully implement its strategy and its growth and plans;
- Factors affecting Formulations manufacturing Industry;
- Increasing competition in the Formulations Industry;

- Increases in labour costs, raw materials prices, prices of plant & machineries and insurance premium;
- Manufacturers' defects or mechanical problems with Company's plant & machineries or incidents caused by human error;
- Changes in the value of the Indian rupee and other currencies, in particular, the U.S. Dollar;
- Amount that our Company is able to realize from the clients;
- Changes in laws and regulations that apply to the Formulations Industry;
- Changes in fiscal, economic or political conditions in India;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in the foreign exchange control regulations, interest rates and tax laws in India.

**Details of encumbrance over the property of our Company and Guarantees given by Our Company to any other party:**

**i. ENCUMBRANCES ON THE PROPERTY OF THE COMPANY**

Sr. No.	Name of Institution	Type of loan	Property	Stock	Book Debts
1.	AXIS BANK	Term loan	1 <sup>st</sup> charge on immovable and movable fixed assets	2 <sup>nd</sup> charge on current assets	2 <sup>nd</sup> charge on current assets
2.	STATE BANK OF INDIA	Working Capital	2 <sup>nd</sup> charge on immovable and movable fixed assets	1 <sup>st</sup> charge on current assets	1 <sup>st</sup> charge on current assets
3	THE BANK OF RAJASTHAN LTD	Working Capital	2 <sup>nd</sup> charge on immovable and movable fixed assets	1 <sup>st</sup> charge on current assets	1 <sup>st</sup> charge on current assets
4	AXIS BANK LTD	Factoring Facility			1 <sup>st</sup> charge on book debts

**ii. GUARANTEES FURNISHED BY THE COMPANY**

A total of Bank Guarantee of Rs.45 Lakhs has been issued by the Company, the detail of which is as follows :

Guarantee given by	Guarantee given to whom	Amount Involved	Purpose of Guarantee
Elysium Pharmaceuticals Limited	Makarpura Industrial Estate Co-operative Bank Ltd., Baroda, State of Gujarat	Rs.45 Lakhs	To secure the loan given to Gems Surgicals Pvt. Ltd.

**The Board of Directors of the Company at its meeting held on 22<sup>nd</sup> March, 2004 approved the furnishing of the guarantee and authorised Shri Y. C. Patel, Chairman & Managing Director to execute the Guarantee**

**SUMMARY OF FINANCIAL RESULTS FOR THE PAST 3 YEARS CONTAINING SIGNIFICANT ITEMS OF INCOME AND EXPENDITURE:**

Particulars	Rs. In Lacs			
	As At			
	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
Sales and Services (Net of Excise Duty)	3478.77	2232.84	2062.51	2440.77
% Increase	13.90	-31.90	-14.57	18.34
Other Income	5.58	10.46	14.67	27.58

% Increase	-36.52	87.46	40.25	88.00
Increase / Decrease in Stock of Finish Goods	-51.19	-86.84	-96.12	28.42
% Increase	-235.10	69.64	10.68	129.57
<b>Total Income</b>	<b>3433.16</b>	<b>2337.99</b>	<b>1981.06</b>	<b>2496.77</b>
Direct Costs	2839.18	1692.23	1179.81	1503.90
% of Income from Operations	81.61	70.09	57.20	61.62
Administrative Overhead	61.90	71.31	67.38	90.02
% of Income from Operations	1.78	2.95	3.27	3.69
Financial Charges (Interest)	248.21	241.11	200.15	197.06
% of Income From Operations	7.13	9.99	9.70	8.07
Depreciation	45.16	53.22	118.58	136.16
% of Income from Operations	1.30	2.20	5.75	5.58
<b>Profit before Tax</b>	<b>79.59</b>	<b>75.38</b>	<b>301.65</b>	<b>430.37</b>
Provision for Taxes	7.16	5.24	43.24	148.55
<b>Profit for the year (Excluding Adjustments)</b>	<b>72.43</b>	<b>70.14</b>	<b>258.41</b>	<b>281.82</b>
% Increase	2.84	-3.16	268.42	9.06

### Significant Developments Subsequent to the Last Financial Year

The Directors of our Company confirm that in their opinion, except for projects undertaken by our Company after the end of the last financial year, no circumstances have arisen since the date of the last financial statements as disclosed in the Draft Prospectus, which materially and adversely affect or are likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay our liabilities within the next twelve months.

### Liquidity & Capital Resources

The following table sets forth our cash flows from operating, investing and financing activities. This information should be read in conjunction with the Financial Statements included elsewhere in this Draft Prospectus.

Particulars	Rs. In Lacs			
	for the year ended			
	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
Cash from Operating Activities	160.34	672.76	633.41	364.42
Cash From Investing Activities	(225.28)	(256.26)	(733.47)	(403.07)
Cash From Financing Activities	63.20	(419.75)	99.87	41.77
Net Change in Cash and Cash Equivalent	(1.74)	(3.25)	(0.19)	3.12
Cash & Cash Equivalent at the beginning of the year	5.93	4.19	0.94	0.75
Cash & Cash Equivalent at the end of the year	4.19	0.94	0.75	3.87

### Comparison of performance and analysis of developments for financial year ended 31st March 2005 vis-à-vis 31st March 2004

Total turnover for FY 2005 was Rs.2414.37 lacs as compared to Rs.3478.77 lacs in FY 2004 and total income during the same period was Rs.2337.98 lacs as compared to Rs.3433.16 lacs in FY 2004, decreased by 31.90%. This was attributed to reorientation of focus from third party business to Contract Manufacturing / Loan Licencing.

The material cost as a percentage of sales turnover was 36.19%, vis-à-vis 55.31% for the corresponding previous year, i.e. FY 2004; a decrease of 19.12%.

The employee cost as a percentage of sales turnover increased to 16.90% from the previous year figure of 9.32%. Production and administration overheads as a percentage of revenue remained at similar levels as the previous year.

Financial Expenses (Interest Charges), as a percentage of sales turnovers increased from 7.13% to 9.72%. PBT and PAT for FY 2005 were Rs.75.38 lacs and Rs.70.14 lacs respectively as compared to FY 2004 figures of Rs.79.59 lacs and Rs.72.43 lacs. Despite a decrease of 30.59% in sales turnover, PAT showed a much a lower decrease of 3.16% in FY 2005, as compared to FY 2004. This was because the Company availed better margins in the Loan License business.

#### **Comparison of performance and analysis of developments for financial year ended 31<sup>st</sup> March 2006 vis-à-vis 31st March 2005**

Income from sales and services in FY 2006 stood at Rs.2057.56 lacs vis-à-vis Rs.2232.84 lacs in FY 2005, showing a decrease by 7.85%. The total income declined by 7.41% from Rs.2243.30 lacs in FY 2005 to Rs.2077.18 lacs in FY 2006.

The material cost as a percentage of sales decreased from 39.30% in FY 2005 to 29.37% in FY 2006. Employee costs as a percentage of sales in FY 2006 is reduced to 15.20% to that of FY 2005 which was 16.90%. Financials charges in FY 2006, as a percentage of sales also remained at levels of about 10%, from 10.80 in FY 2005.

In spite of the decrease in the Company's total income, its PAT has increased from Rs.70.14 lacs in FY 2005 to Rs.258.40 lacs in FY 2006 showing an increase of 368.40%. This is because the management concentrated more on Loan License (LL) business in FY 2006, expecting a better return as compared to Third Party Business (TPB); thereby compensating about 50% of TPB in FY 2006 by increasing LL business.

#### **Comparison of performance and analysis of developments for financial year ended 31st March 2006 vis-à-vis 31st March 2007**

Income from sales and services in FY 2007 stood at Rs.2440.77 lacs vis-à-vis Rs.2062.51 lacs in FY 2006, showing an increase by 18.34%. The total income increased by 18.83% from Rs.2077.18 lacs in FY 2006 to Rs.2468.35 lacs in FY 2007.

The material cost as a percentage of sales increased to 30.97% in FY 2007 from 29.30% in FY 2006. Employee costs as a percentage of sales in FY 2007 increased to 19.01% from 15.78% in FY 2006 Financials charges in FY 2007, as a percentage of sales decreased to 8.07% from 9.72% in FY 2006.

In spite of the decrease in the Company's total income, its PAT has increased from Rs.70.14 lacs in FY 2005 to Rs.258.40 lacs in FY 2006 showing an increase of 368.40%. This is because the management concentrated more on Loan License (LL) business in FY 2006, expecting a better return as compared to Third Party Business (TPB); thereby compensating about 50% of TPB in FY 2006 by increasing LL business.

#### **General Information**

##### **Reserves & Surplus:**

Particulars	for the year ended			
	Rs. In Lacs			
	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
<b>General Reserve :</b>				
Opening Balance	0	0	0	0
Add: Addition during the Year	0	0	0	14.09
Closing Balance	<b>0</b>	<b>0</b>	<b>0</b>	<b>14.09</b>
<b>P &amp; L</b>	<b>363.66</b>	<b>433.80</b>	<b>416.74</b>	<b>684.47</b>
<b>Total...</b>	<b>363.66</b>	<b>433.80</b>	<b>416.74</b>	<b>698.56</b>

### Borrowings:

Secured Loans include loans from various banks and financial institutions for capital expenditure as well as bank borrowings to fund the Company's working capital requirement.

Unsecured loans include loan from promoters, their friends and relatives, associate companies etc.

Particulars	Rs. Lacs			
	For the year ended			
	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
Secured Loans	1420.72	1475.37	1397.39	1386.04
Unsecured Loans	587.74	354.44	341.86	114.68
<b>Total</b>	<b>2008.46</b>	<b>1829.81</b>	<b>1739.25</b>	<b>1500.72</b>

### Capital Expenditure:

Particulars (Fixed Assets)	Rs. Lacs			
	For the year ended			
	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
Gross Block	1910.31	2174.14	2867.24	3280.24
% Increase over the previous year	11.57	13.81	31.88	14.40

### Debtors:

The relevant details relating to Sundry Debtors of the Company is:

Particulars	Rs. in Lacs				
	As At				
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
Debts Outstanding for Over Six Months	76.75	375.12	474.99	159.33	343.17
Debts Outstanding for Below Six Months	621.98	505.70	300.47	377.53	403.62
<b>Total</b>	<b>698.73</b>	<b>880.82</b>	<b>775.46</b>	<b>536.86</b>	<b>746.79</b>

### SEGMENT WISE CONTRIBUTION TO SALES in FY 2007

	Product Segment					Rs. Lacs
	Capsules	Liquid	Tablet	Injectable	Ointment	Total
<b>Contract</b>						
<b>Manufacturing</b>	161.65	97.31	177.60	707.79	4.09	<b>1148.44</b>
<b>Third Party</b>						
<b>Manufacturing</b>	152.74	64.17	208.01	263.20	0.00	<b>688.12</b>
<b>Ethical Product</b>						
<b>Manufacturing</b>	71.58	251.95	57.72	337.34	0.00	<b>718.59</b>
<b>Segment Wise</b>						
<b>Total</b>	<b>385.97</b>	<b>413.43</b>	<b>443.33</b>	<b>1308.33</b>	<b>4.09</b>	<b>2555.15</b>

### Financial Market Risks

#### Quantitative and Qualitative Disclosures about Market Risk

The issuer is exposed to financial market risks from changes in both foreign exchange rates and interest rates.

#### Interest rate risk

Issuers interest rate risk results from changes in interest rates, which may affect its financial expenses. It bears interest rate risk with respect to long-term loans, as the interest rate is variable. In respect all other secured long-term loans, the interest rates are fixed. Similarly, the interest rates on working capital finance are either linked to PLR of the lending banks or rates fixed by RBI for export credits.

#### Exchange rate risk

The Company's ethical products are sold only in India thereby changes in the exchange rate does not affect the Company's ethical products' business. As far the Loan License and Third Party businesses are concerned, the Company manufactures on the behalf of its clients, hence Company does not face any exchange rate risk.

### Effect of Inflation

Since the company sets the price for its products sold based on various factors, including inflation, it did not have a significant effect on the result of its operations to date. It does not expect that inflation rates will have a significant impact on its results of operations for the foreseeable future.

### Information required as per Clause 6.10.5.5 of SEBI Guidelines

#### 1. Unusual or infrequent events or transactions

There have been no events, to the best of company's knowledge, other than as described in this Prospectus, which may be called "unusual" or "infrequent".

#### 2. Significant economic/regulatory changes

WTO compliance by the Government of India recognizes product patent and will thus require Indian pharmaceutical companies to adhere to product patents and not produce products by merely changing the process of manufacture of an existing product after 2005.

Hence, Government's focus on Pharma Industry will have major bearing on the companies involved in this sector. Any major changes in policies of the Government would have the significant impact on the profitability of the Company's Company.

Barring these factors, there are no significant economic changes that materially affect or are likely to affect income from continuing operations.

#### 3. Known trends or Uncertainties

Apart from the risks as disclosed on page ix under heading "Risk Factors" in this Draft Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

#### 4. Future relationship between costs and income

The Company's future costs & sale prices will be determined by the demand-supply situation, government policies and availability of raw materials etc. and prices thereof.

Apart from this and, other than as described in this Prospectus, to the company's knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.

#### 5. Seasonality of business

There are no products sold which are seasonal in nature.

#### 6. Dependence on single or few suppliers / customers

The Company sources its raw materials from a number of suppliers and is not under any threat from excessive dependence from any single supplier. The threat from excessive dependence on a single customer/product is not significant as the customer/product base is also diversified.

#### 7. Restructuring initiatives

The company has reoriented its activities and is marching ahead in creating a benchmark in Contract Manufacturing.

#### 8. The extent to which material increases in net sales or revenue are due to increase in sales volume, introduction of new products or services or increased sales prices:

The increase in turnover is mainly on account of adapting new standards and focusing on Contract Manufacturing and improving the quality standards.

#### 9. Total turnover of each margin industry segment in which the company operated

Refer to Industry Overview on page no 36 of this Draft Prospectus.

#### 10. Status of any publicly as announced new products a business segment:

Refer to Our Business on page no 70 of this Draft Prospectus.

#### 11. Over dependence on a single or few suppliers or customers:

The Company is not dependent on single supplier / customer per se. As regards raw materials & chemicals, the Company procures supplies from various parties Product sales are carried directly as well as through agents to various customers.

### Top Ten Creditors as on 31.03.2007

Sl. No.	Particular	Credit Amount (Rs. In Lacs)	% of Total Material Cost in 2007
1	Amrit Trading Co.	94.75	12.54
2	Unimex	54.63	7.23
3	Symbiotec Pharmalab Ltd.	47.47	6.28

4	Amcure Chemicals	44.44	5.88
5	Rajasthan Antibiotec Ltd.	44.15	5.84
6	Aurobindo Pharma Limited	40.48	5.36
7	Turakhia Bros.	38.17	5.05
8	Nima Packaging	29.77	3.94
9	Nectar Lifesciences Ltd.	28.78	3.81
10	Jyoti Pharmachem	27.52	3.64
	<b>Total...</b>	<b>450.17</b>	<b>59.56</b>
	<b>Total Material in 2007</b>	<b>755.81</b>	

#### List of Top Ten Debtors as on 31.03.2007

Sl. No.	Particular	Debit Amount (Rs. In Lacs)	% of Total Material Cost In 2007
1	Aventis Pharma Limited	496	19.39
2	Cadila Healthcare Ltd.	490	19.14
3	Clarion India	361	14.10
4	Sarabhai Chemicals	192	7.51
5	German Remedies Limited'	84	3.29
6	Cadila Healthcare	81	3.19
7	Ved Pharmaceuticals Ltd.,	67	2.61
8	Alembic Limited	63	2.48
9	Bayer Pharmaceuticals Pvt. Ltd.	46	1.81
10	Asence Pharma Private Limited	40	1.56
	<b>Total.....</b>	<b>1920</b>	<b>75.06</b>
	Total Income in 2007	<b>2558</b>	

### 13. Competitive conditions

The Indian Pharma Industry is estimated to be worth \$ 4.5 billion, growing at about 8 to 9 percent annually (Source: www.pharmaceutical-drug-manufactures.com). On an overall basis however, the Indian Pharmaceutical sector is highly fragmented with more than 20,000 registered units. It has expanded significantly in the last two decades. The leading 250 pharmaceutical companies control 70% of the market with the top two players holding nearly 15% of the market share. The pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectibles. There are about 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India (including 5 Central Public Sector Units).

**The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the prospectus which materially or adversely affect or is likely affect the trading or profitability of the company, or the value of its assets, or its ability to pay liabilities within next twelve months.**

#### ADVERSE EVENTS

There has been no adverse event affecting the operations of the Company occurring within one year prior to the date of filing of the Draft Prospectus with the Registrar of Companies.

#### DEFAULTS

The Company has not defaulted in meeting any statutory dues, institutional dues or bank dues albeit there were delays encountered in payments of some statutory dues in the past. The Company has not defaulted in making any payment/refunds for fixed deposits and interest on fixed deposits thereon.

**SECTION V: LEGAL AND OTHER INFORMATION**

Except as stated herein, there is no outstanding or pending litigation, suit or civil prosecution, proceeding initiated for offence (irrespective of whether specified in paragraph (I) of Part I of Schedule XIII of the Act), or litigation for tax liabilities against the Company, its subsidiaries, promoters, or directors and there are no defaults. Non-payment or over dues of statutory dues, institutional or bank due, or dues towards holder of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company or its subsidiaries and no disciplinary action has been taken by SEBI or any Stock Exchanges against the Company, its subsidiaries, promoters, or directors, willful defaulter by RBI / Government Authorities and there are no violations of Securities Law committed by them in the past or pending against them except as stated below.

**1. OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS**

**A. OUTSTANDING LITIGATIONS INVOLVING OUR COMPANY**

**i) Outstanding litigation filed against the Company :**

Sl. No.	Court / Case No.	Probable Financial Liab.	Details of Case	Remarks
1	Ref. Case No. 331/05	25000.00	Worker Dipak Mali's contention is that he had joined service on 15.05.2000 and on 30.10.2004 he was dismissed without inquiry.	Company's submission is that the worker is not in company's employment but he is employed by contractor. Presently, the case is depending on workers proof and presentation of company's record in the Court.
2	Ref. Case No. 261/06	40000.00	Worker Bhikha Nayak's contention is that he joined in 1996 as driver with Elysium Pharmaceuticals and Cyber Nation. He says he was dismissed on 1.1.2006 without proper inquiry.	Company's submission that the worker is not in company's employment but he is employed by contractor. Presently, the case is depending on workers proof and presentation of company's record in the Court.
3	Ref. Case No. 429/04	15000.00	Worker Shobhanaben Jayendrabhai Panchal's contention is that she had joined on 5.5.97, however on 3.1.01 she was dismissed without legal inquiry.	Company's submission is that the worker is not in company's employment but she is employed by contractor. Presently, the case is depending on workers proof and presentation of company's record in the Court.
4	Ref. Case No. 441/05	15000.00	Worker Kokilaben Kalidas Machi's contention is that she joined on 5.5.97, however on 20.2.2001 she was dismissed without legal inquiry.	Company's submission is that the worker is not in company's employment but she is employed by contractor. Presently the case is depending on workers proof and presentation of company's record in the Court.
5	Ref. Case No. 399/06	30000.00	Worker Pravin P. Parmar's contention is that he has been in employment for last six year and in April, 2005 he was dismissed without inquiry.	Company's submission is that during employment worker was involved in Theft. Case pending for worker submissions and presentation of Co.'s Records.
6	Ref. Case No. 394/03	15000.00	Worker Nilesh G. Patel's contention is that he was in service for 3 Years and on 30.7.2002 he was dismissed without inquiry.	Company's submission is that he was not in Co's employment but he was weekly contractor. Case pending for submission of proof by the worker and presentation of co.'s record.
7	Ref. Case No.	15000.00	Worker Shailesh D. Solanki's	Company's submission is that he was

	773/05		contention is that he was in Service for 3 Years and in 1998 he was dismissed without inquiry.	not in Co's employment but he was weekly contractor. Case pending for submission of proof by the worker and presentation of co.'s record.
8	Ref. Case No. 360/03	15000.00	Worker Jashu Udesinh Padiyar's contention is that he was in service for 4 Years and on 3.3.02 he was dismissed without inquiry.	Company's submission is that he was not in Co's employment but he was weekly contractor. Case pending for submission of proof by the worker and presentation of co.'s record.
9	Ref. Case No. 361/03	15000.00	Worker Vinod D. Parmar's contention is that he is in Service for 4 Years and on 10.11.2000 he was dismissed without inquiry.	Company's submission is that he was not in Co's employment but he was weekly contractor. Case pending for submission of proof by the worker and presentation of co.'s record.
10	Ref. Case No. 362/03	15000.00	Worker Kalpesh P. Padiyar's contention is that he is in Service for 3 Years and on 3.01.02 he was dismissed without inquiry.	Company's submission is that he was not in Co's employment but he was weekly contractor. Case pending for submission of proof by the worker and presentation of co.'s record.
11	Ref. Case No. 365/03	15000.00	Worker Hitesh Ambalal Kachiya's contention is that he is in Service for 3 Years and on 3.01.02 he was dismissed without inquiry.	Company's submission is that he was not in Co's employment but he was weekly contractor. Case pending for submission of proof by the worker and presentation of co.'s record.
12	Ref. Case No. 523/04	25000.00	Worker Ashok Chandu Padhiyar's contention is that he is in Service for 5 Years and on 27.04.04 he was dismissed without inquiry.	Company's submission is that he was not in Co's employment but he was weekly contractor. Case pending for submission of proof by the worker and presentation of co.'s record.
13	Ref. Case No. 86/03	15000.00	Worker Govind Shana Chavda's contention is that he is in Service for 3 Years and in Aug '02 he was dismissed without inquiry.	Company's submission is that he was not in Co's employment but he was weekly contractor. Case pending for submission of proof by the worker and presentation of co.'s record.
14	Ref. Case No. 88/03	10000.00	Worker Kanak Chiman Jadhav's contention is that he is in Service for 5 Years and on 27.6.03 he was dismissed without inquiry.	Company's submission is that he was not in Co's employment but he was weekly contractor. Case pending for submission of proof by the worker and presentation of co.'s record.
15.	Ref. Case No. 536/06	25000.00	Worker Jaydeep Parmar's contention is that he is in Service for 4 Years and in March'05 he was dismissed without inquiry.	Company's submission that he was not in Co's employment but he was weekly contractor. Case pending for submission of proof by the worker and presentation of co.'s record.
16	Ref Case No.55/03	Contract Labour Board – Ahmedabad Case No.55/03 ... Arguments in process regarding stoppage of Contract System by the Company.		
17		Judicial Magistrate Court – Padra 4 No. Gratuity Cases Pending. All the similar cases in the District Courts are pending on account of court policy matter on the subject.		

**(ii) Cases by Statutory Authorities**

<u>CASES FILED BY THE COMPANY:</u>		<b>Before Department / Court</b>	<b>Background of the case</b>	<b>Current status</b>	<b>Amount (Rs. Lacs)</b>
1	Appeal preferred against order of CIT (Appeal) received on 30/04/2006 For Assessment year 2002-2003	Appellate Tribunal.	The Company has filed an appeal with the Appellate Tribunal against the disallowance of machinery repairs & maintenance to the extent of Rs.36,036.00, building repairs amounting to Rs.1,18,642.00 and Late Payment of P. F. amounting to Rs.9,81,164.00.	Appeal is still pending for hearing.	Tax on amount disallowed of Rs.11,35,842/- interest & penalty if any
2	Assessment order for A.Y. 2003-04 received on 08/03/2006. Appeal filed against this order with CIT (Appeal) on 30/03/2006.	CIT (Appeal)	Company has filed an appeal with CIT against the disallowance of the following ; i) Unsecured loans of Rs. Rs.22 lacs, ii) Interest on unsecured loan - Rs. 2,90,923/- iii) PF – Rs.3,96,435/- iv) Computer Repairs and Maintenance - Rs.5000/-	The hearing is over and order is awaited.	Tax on Rs.28,92,358/- interest & penalty if any.

**3 Provident Fund**

Since the company has not made contribution to Employees Provident Fund Organisation by due date, Regional Provident Fund Commissioner-II, Baroda by his Order No.GJ/BD/21254/Damages/RPFC/14-B/S.O./54 dated 4<sup>th</sup> May, 2007 levied damages to the extent of Rs.62,77,220/- (Rupees Sixty Two Lakhs Seventy Seven thousand Two Hundred and Twenty only).

Against the said order, the company has filed an appeal dated 31<sup>st</sup> August, 2007 before the Employees Provident Fund's Appellate Tribunal, New Delhi, praying i) that the impugned Order dated 4<sup>th</sup> May, 2007 may be declared as non-speaking order and also an order passed mechanically, ii) the Order being non-speaking order the damages demanded may be waived, iii) if the Hon'ble Tribunal does not deem fit to totally waive the damages, the same may be reduced to the minimum, iv) the Hon'ble Tribunal may also be pleased to declare that the damages include interest and the damages therefore be reduced to the extent of interest separately charged, v) the Hon'ble Tribunal may also be pleased to give relief in interest, vi) grant any other and further relief's as may be deemed fit and proper in the facts of the case. The Company has also sought an Interim Order, pending hearing and final disposal of the Appeal, to stay the order dated 4<sup>th</sup> May, 2007 levying damages. The Company has also filed an application for condonation of delay in filing the appeal.

**PF dues in respect of both Employer's as well as Employees' Contribution upto 31<sup>st</sup> July, 2007 have been paid.**

Note:

- Secondly income tax assessment for last two assessment years (i.e. A.Y. 2004-05 & A.Y. 2005-06) and sales tax assessment proceedings for last four years (Financial year 2001-02 to 2004-05) has not yet been completed.
- Company may have to incur further tax, interest, penalty liability on completion of these pending assessment proceeding

**(iii) Civil Suits**

**1. LITIGATION FILED BY THE COMPANY**

There are no litigations filed by the Company

**2. LITIGATION INVOLVING THE COMPANY'S PROMOTERS AND DIRECTORS**

There is no litigation involving the Company's promoters and directors

**3. THE DETAILS OF THE PAST CASES IN WHICH PENALTIES WERE IMPOSED BY THE CONCERNED AUTHORITIES ON THE ISSUE COMPANY OR ITS DIRECTORS**

**4. LITIGATIONS INVOLVING THE COMPANY'S SUBSIDIARIES**

The Company does not have any subsidiaries.

**5. LITIGATIONS INVOLVING THE PROMOTER COMPANIES / GROUP COMPANIES**

There are no outstanding litigations involving the promoter companies / group companies.

**DETAILS OF MATERIAL DEVELOPMENTS AFTER THE DATE OF LAST BALANCE SHEET – 31<sup>ST</sup> MARCH 2007**

The following material developments have occurred after the balance sheet date:

- Elysium Pharmaceutical Ltd. got approval from Ministry of Health, Kenya in April 2007 for directly exporting pharmaceutical products to Kenya.
- Elysium Pharmaceutical Ltd. got approval from Ministry of Health and Social Welfare, Tanzania in June 2007 for directly exporting pharmaceutical products to Tanzania.
- The company complied with all the requirements of WHO GMP and has obtained the 4th renewal of WHO GMP in September 2007. The plant is now approved till September 2009
- The Company has successfully executed an export order of Cephalothin Injection with Sterile Water For Injection to the Ministry, Costa Rica in March/April 2007.
- Major export manufacturing commenced for Glenmark Pharmaceuticals Ltd from May 2007.
- The Company commenced manufacturing of ISOVON Capsules and NIMEGESIC Tablets for ALEMBIC Ltd. for their export markets of Malaysia, Tadjhikistan, Sri Lanka, Kenya and Mauritius in June 2007.
- The Company commenced manufacturing of 'VALPARIN SYRUP', a global product of M/s SANOFI-SYNTHELABO, France under Aventis Pharma Ltd. in August 2007.
- The Company has tied-up with M/s Spirit Pharma, USA in August 2007 to export Senna-Docusate Tablets for the US market.
- The Company has tied-up with East India Pharmaceutical Works Ltd. (Kolkata) in September 2007 for manufacturing their products at Elysium.

**GOVERNMENT APPROVALS AND LICENSES**

In view of the approvals listed below, the Company can undertake this offer and its current business activities. No further material approvals from any government authority are required to continue such activities

The Company will take step in compliance with applicable laws to obtain any other governmental licenses or permissions if required to undertake any of its proposed activities.

The Company has received the following Government approvals / licenses / permissions:

**LICENCES & APPROVALS**

**LICENCES FROM DIFFERENT AUTHORITIES OBTAINED BY THE COMPANY**

PARTICULARS	ISSUING AUTHORITY	NAME OF THE ACT	REGISTRATION NO.	ISSUED ON	REMARKS
<b>GENERAL COMPLIANCES</b>					
<b>Certificate of Incorporation</b>	Registrar of Companies, Gujarat Dadra & Nagar Haveli	Companies Act, 1956	04-24164	11.01.1995	
<b>Certificate of Commencement of Business</b>	Registrar of Companies, Gujarat Dadra & Nagar Haveli	Companies Act, 1956	04-24164	25.01.1995	
<b>PAN</b>	Deputy Commissioner of Income Tax (PAN)	Income Tax Act, 1961	PAN NO: AABCE1232a		
<b>TAN</b>	Income Tax Dept.	Income Tax Act, 1961	BRDE00152F	26.08.2003	
<b>Certificate of Importer – Exporter Code (IEC)</b>	Director General of Foreign Trade (DGFT)	Export Import Policy	3497001902	15.09.1997	
<b>Service Tax Registration</b>	Commissionerate of Service Tax	Finance Act, 1994	GTA/D-III/V-I/413/EP/05	18.03.2005	
<b>Registration under Employees Provident Funds and Miscellaneous Provisions Act, 1952</b>	Regional Provident Commissioner, R. C. Dutt Road, Alkapuri, Baroda – 390 005.	Employees Provident Funds and Miscellaneous Provisions Act, 1952	Code No.GJ/BD21354	26.03.1999	
<b>Registration under Employees’ State Insurance Act, 1948</b>	Employees’ State Insurance Commission, New Delhi	Employees’ State Insurance Act, 1948	Not applicable	Not applicable	
<b>ISO Certification</b>	UKAS Environmental Management	For Environment Management System			SINCE THE companies quality systems define all norms and critical

PARTICULARS	ISSUING AUTHORITY	NAME OF THE ACT	REGISTRATION NO.	ISSUED ON	REMARKS
					requirements of ISO Certification. The Company fills it is not necessary to renew the ISO Certification
<b>ISO Certification</b>	UKAS Environmental Management	For Manufacturing, Formulation and Marketing of Agro Chemicals and House Hold Pesticides			Not Renewed
Registration Under Central Sales Tax Act and Registration Under Value Added Tax, 2005	Registration Number 24692400472 dated 24 04 1995 1924004728dated 01 07 2002				

### LICENSES

Sr. No.	Particulars	Issuing Authority	Name of the Act	Registration No.	Issued on	Validity Period
1	Drug Licenses for Manufacture	State of Gujarat	Drugs & Cosmetics Act, 1948	G/1362, G/1002	7.8.1996	<b>31.12.2006</b> company applied for renewal of the licenses for the period of 2007-2011 and its application is under the consideration of the Commissioner of Food & Drugs Control Administration, Gandhi Nagar, Gujarat.
2	WHO – GMP Certification	State of Gujarat	Drugs & Cosmetics Act, 1948	24099/B	10.3.2005	<b>8.9.2007</b>
3	L - 1 License	State of Gujarat	Bombay Prohibition Act, 1949	5/7/08	4.4.2007	<b>31.3.2008</b>
4	RS – II License	State of Gujarat	Bombay Prohibition Act, 1949	197/07-08	4.4.2007	<b>31.3.2008</b>
5	DD I License	State of Gujarat		7/7/08	4.4.2007	<b>31.3.2008</b>
6	Revised Schedule – M	State of Gujarat	Drugs & Cosmetics Act, 1948	Rev./Sch. M/Ely/06/51701	3.8.2006	---

### ENVIRONMENTAL APPROVALS

Sr. No.	Particulars	Issuing Authority	Name of the Act	Registration No.	Issued on	Validity Period
1	Consolidated Consent & Authorisation	State of Gujarat	i) The Water (prevention and control of pollution) Act, 1974, ii) Air (prevention and control of pollution) Act, 1981, iii) Hazardous Waste (Management and handling ) Rules, 1989 framed under the Environmental (protection) Act, 1986.	Consent Order No.2646  Consent Order No.2645	31.5.2004  31.5.2004  31.5.2004	<b>11.2.2009</b>

### **LICENSES FOR FACTORY UNIT AT DABHASA**

The Company has received the following Government approvals / licenses / permissions:

1. License in Form No. 25 No. G/1362 28 No. G/1002 granted on 7<sup>th</sup> August, 1996 issued by the Commissioner Food & Drugs Control Administration Gujarat State. Certificate of Renewal of license to Manufacture for Sale Drugs Valid from 1<sup>st</sup> January 2002 to 31<sup>st</sup> December 2006.
2. License No. 079245 issued by Karkhana Mukha Nirikshk Gujarat Raj for to run the factory Dated 4<sup>th</sup> April 2000.
3. License No. 5/2005 – 20006 to Manufacture Medicinal and toilet Preparations Issued by Superintendent of Prohibition and Excise, Baroda. Dist. Baroda. Renewed from 1<sup>st</sup> April 2005 to 31<sup>st</sup> March 2006.
4. License No. 21/99-2000 to Manufacture & possession of Drugs & Pharmaceutical issued by Superintendent of prohibition and Excise, Baroda. Dist. Baroda. Renewed from 1<sup>st</sup> April 2005 to 31<sup>st</sup> March 2006.
5. License No. 197/99 – 2000 to rectified Spirit & Alcohol Issued by Superintendent of prohibition and Excise, Baroda. Dist. Baroda. Renewed from 1<sup>st</sup> April 2005 to 31<sup>st</sup> March 2006.
6. License No. GTA/D-III/V-I/413/EP/05 Dated 18<sup>th</sup> March 2005 for Service Tax Regn.No. for Goods transport agency and Technical Testing Analysis. Issued by Superintendent of Central Excise & Customs Range – V, (Service Tax) Divn. – III, Vadodara.

**Registration with various Authorities by the Company**

Particulars	Issuing Authority	Covered under (Name of the Act)	Registration No.	Issued on	Validity Period	Remarks
<b>Factory Licence</b>	Chief Inspector of Factory, State of	Factories Act, 1948	79245	4.4.2000	31st Dec 2006	Applied for renewal
<b>Permanent Registration Certificate as a SSI with the District Industries Centre</b>	District Industries Centre	Industries (Development & Regulation) Act, 1951	Not Applicable as the Company has registered with Ministry of Industry, Government of India vide No.844/SIA/IM O/96 dated 23 <sup>rd</sup> February, 1996.			
<b>Licence to Manufacture</b>	Commissioner, Food & Drugs Control Administration, Gujarat State	Drugs & Cosmetics Rules 1945	G/1362 and G/1002	07.08.96	31.12.2011	
<b>Consent to establish under Water (Prevention &amp; Control of Pollution) Act, 1974 and Air (Prevention &amp; Control of Pollution) Act, 1981 For E - 442</b>	State Pollution Control Board	Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981	Consent Order No.2646	31 <sup>st</sup> May 2004	11th February 2009	
<b>Consent to Operate under Water (Prevention &amp; Control of Pollution) Act, 1974 and Air (Prevention &amp; Control of Pollution) Act, 1981 For E - 443</b>	State Pollution Control Board	Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control of Pollution) Act, 1981	Consent Order No.2646	31 <sup>st</sup> May 2004	11th February 2009	
<b>Authorization for operating a facility for collection, reception, storage and transport of Hazardous Waste</b>	State Pollution Control Board	Hazardous Waste (Management and Handling) Rules, 1989	Consent Order No.2645	31 <sup>st</sup> May 2004	11th February 2009	
<b>Environment Clearance Registration</b>	Ministry of Environment & Forests, IA Division	EIA Notification dated 27 <sup>th</sup> January 1994	Consent Order No.2646	31st May 2004	11th February 2009	

<b>Registration under Employees Provident Funds and Miscellaneous Provisions Act, 1952</b>	Regional Provident Commissioner, R. C. Dutt Road, Alkapuri, Baroda – 390 005.	Employees Provident Funds and Miscellaneous Provisions Act, 1952	Code No.GJ/BD21354	26.03.1999	_____	_____
<b>Registration under Employees' State Insurance Act, 1948</b>	Employees' State Insurance Commission	Employees' State Insurance Act, 1948	Not Applicable	_____	_____	_____
<b>Registration under Contract Labour (Regulation &amp; Abolition) Act, 1970</b>	Labour Department,	Contract Labour (Regulation & Abolition) Act, 1970	ACL/Vado/3780	17.12.2003	16.12.2006	Applied for renewal on 18.01.2007
<b>Registration under Central Excise Act</b>	Superintendent of Central Excise  Assistant Commissioner of Central Excise	Central Excise Act, 1944	AAAFE6297R XM 001	_____	_____	ON THE BASIS OF APPLICATION RECEIVED AT THEIR OFFICE ON 29.11.2001
<b>Registration under Sales Tax Act / Central Sales Tax Act</b>	Sales Tax officer,)	Central Sales Tax Act	24192400472	30.9.2005	_____	_____
<b>Tax Identification No. under VAT Act</b>	Sales Tax officer,	VAT Act	24692400472	30.9.2005	_____	_____
<b>Entry Tax Registration</b>	Business Tax officer,	Tax on Entry of Goods into Local Area Act, 1999.	Not Applicable	_____	_____	_____

### ELECTRICITY

The Company has connected load of 475 KVA it proposes to obtain additional 150 KVA for the MHRA project.

### **INTELLECTUAL PROPERTY RIGHTS**

**A) DESIGN - NIL**

**B) TRADE MARKS**

At present the company is having

1. License No. 1368/99-2000/1688 issued by the Government of India Trade mark Registry dated 24 Aug. 2000.
2. Certificate of Registration of Trade Mark No. 741973 Name ELDROX Dated 27<sup>th</sup> October 2005 and Certificate No. 454395 issued by (GOI) Trade Marks Registry, Mumbai.
3. Certificate of Registration of Trade Mark No. 799003 Name ULOX Dated 30<sup>th</sup> May 2005 and Certificate No. 454395 issued by (GOI) Trade Marks Registry, Mumbai.
4. Certificate of Registration of Trade Mark No. 741983 Name ELCODIN Dated 24<sup>th</sup> November 2005 and Certificate No. 471689 issued by (GOI) Trade Marks Registry, Mumbai.
5. Certificate of Registration of Trade Mark No. 741971 Name ELMOXIN Dated 27<sup>th</sup> October 2005 and Certificate No. 454399 issued by (GOI) Trade Marks Registry, Mumbai.

6. Certificate of Registration of Trade Mark No. 741987 Name ELDROX Dated 24<sup>th</sup> November 2005 and Certificate No. 471150 issued by (GOI) Trade Marks Registry, Mumbai.
7. Certificate of Registration of Trade Mark No. 1226170 Name FRELUNG Dated 12<sup>th</sup> December 2005 and Certificate No. 484708 issued by (GOI) Trade Marks Registry, Mumbai.
8. Certificate of Registration of Trade Mark No. 1220627 Name BULLDOSE Dated 24<sup>th</sup> December 2005 and Certificate No. 496106 issued by (GOI) Trade Marks Registry, Mumbai.
9. Certificate of Registration of Trade Mark No. 807039 Name NOPIDOL Dated 30<sup>th</sup> September 2005 and Certificate No. 434721 issued by (GOI) Trade Marks Registry, Mumbai.
10. Certificate of Registration of Trade Mark No. 807046 Name ELCORT Dated 30<sup>th</sup> September 2005 and Certificate No. 434719 issued by (GOI) Trade Marks Registry, Mumbai.
11. Certificate of Registration of Trade Mark No. 1283487 Name ELCLAVE Dated 26<sup>th</sup> December 2005 and Certificate No. 497907 issued by (GOI) Trade Marks Registry, Mumbai.
12. Registration of Copyright of the Artistic work under the title E (Monogram) issued by the Government of India Ministry of Human Resource Development Department of Secondary Education & Higher Education (Copyright Office) dated 10<sup>th</sup> October 2002.

**7.8 Details of Patents applied for Registration: NIL**

**7.9 LICENSES & COMPLIANCES FOR PROPOSED NEW PROJECT (EXPANSION OF CAPACITY) :-**

S. NO.	PARTICULARS	STATUS	
8.	Approval from Pollution control Board	Company is yet to apply	
9.	Electricity Connection	Company is yet to apply for connection	The Company will make necessary application to the Electricity Department for 150 KVA for MHRA Project as and when the constructive activity commences
10.	Sanction of Water Connection	Company proposes to obtain water by digging Borewell	
11.	Filing of IEM with Secretariat of Industrial Assistance	Company is yet to comply	
12.	Registration under Sales Tax Act	Since the company is existing assessee appropriate steps will be taken for inclusion of the new unit	
13.	Registration under Excise Act	Since the company is existing assessee appropriate steps will be taken for inclusion of the new unit	
14.	Registration under Service Tax	appropriate steps will be taken by the Company	

**EMPLOYEES' STATE INSURANCE ACT, 1948 & ESI (CENTRAL) REGULATIONS, 1950**

The provisions of Employees' State Insurance Act, 1948 & ESI (Central) Regulations, 1950 are not applicable to the Company's unit at Dabhasa. In this connection Shri M. H. Chandarana, Dy. Director, S. R. O., E. S. I. C., Vadodara has by his letter No.38/S/11/13/Misc/07 dated 10<sup>th</sup> May, 2007 has stated that the Company's factory situated at Dabhasa – Tal. Padra, Dist. : Vadodara, Padra-Jambusar Road, is not within the E.S.I., implemented area as on 10.05.07.

**INDUSTRIAL EMPLOYMENT (STANDING ORDERS) ACT, 1946**

The Company has not framed its owned standing orders and it follows the model standing orders issued by the Government.

## SECTION VI: OTHER REGULATORY AND STATUTORY DISCLOSURES

### AUTHORITY FOR THE PRESENT ISSUE

The shareholders of the Company have approved this Issue under section 81(1A) of the Act by a Special Resolution at an Extra Ordinary General Meeting held on 30<sup>TH</sup> July 2007.

### PROHIBITION BY SEBI

The Company, its directors, any of its Associates or Group Companies, and Companies with which the directors of issuer are associated, as directors or promoters, have not been prohibited from accessing the capital market under any order or directions passed by SEBI. The listing of any securities of the Company has never been refused at anytime by any of the stock exchange(s) in India. The Company, its Promoters, their relatives, group companies and associate companies have not been detained as willful defaulters by RBI/government authorities and there are no violations of securities laws committed by them in the past or pending against them.

### ELIGIBILITY FOR THE ISSUE:

According to clause 2.2.1 of the SEBI (Disclosure & Investor Protection) Guidelines, 2000 and amendments thereof, an unlisted Company shall make a Initial Public Offer of Equity Shares or any security convertible into Equity Shares at a later date subject to the following:

- a. The Company has Net Tangible Assets worth of above Rs.300.00 Lacs in each of the preceding 3 full years (each of 12 months) of which not more than 50% is held in monetary assets;
- b. It has a track record of Distributable Profits in terms of Section 205 of the Companies Act, 1956 for at least three (3) out of immediately preceding five (5) years;
- c. It has a pre-issue Net-worth of not less than Rs.100 Lacs in each of the proceeding three (3) full years (of 12 months each);
- d. In case the Company has changed its name within the last one year, at least 50% of the revenues for the preceding 1 full year is earned by the Company from the activity suggested by the new name; and
- e. The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment + promoters' contribution through offer document), does not exceed five (5) times its pre-issue net worth as per the audited balance sheet of the last financial year

*Amount in Rs. Lacs*

Particulars	Year ended				
	31/03/03	31/03/04	31/03/05	31/03/06	31/03/07
Equity Share Capital	500.00	500.00	500.00	840.00	1269.17
Share Application Money	0.00	0.00	0.00	50.00	110.91
Reserves	291.22	363.66	433.80	466.88	627.55
<b>Total</b>	<b>791.22</b>	<b>863.66</b>	<b>933.80</b>	<b>1356.88</b>	<b>2007.63</b>
Less: Revaluation Reserves	0.00	0.00	0.00	0.00	0.00
Less: Misc. Exp.	153.39	150.33	154.96	176.26	168.57
<b>Net Worth</b>	<b>637.83</b>	<b>713.33</b>	<b>778.84</b>	<b>1180.62</b>	<b>1839.06</b>

**Source:** Audited Annual Accounts of the Company for the respective Financial Years

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

**Rs. Lacs**

Particulars	For the year ended				
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
<b>Distributable Profit after Tax</b>	70.43	72.43	70.14	258.40	281.82

\*The Distributable profits of our Company are as per Section 205 of the Companies Act, 1956 and have been calculated from the audited financial statements of the respective years before making adjustments for restatement of financial statements. For details on calculation of adjusted Profit after tax, please refer to the auditors report under the heading 'Financial Information'

**The Company has net tangible assets of at least Rs.300.00 Lacs in each of the preceding 3 full years (of 12 months each) of which not more than 50% is held in monetary assets:**

Particulars	Rs lacs				
	For the year ended				
	31-Mar-03	31-Mar-04	31-Mar-05	31-Mar-06	31-Mar-07
Fixed Assets (Net)	1293.83	1473.94	1657.31	2231.84	2508.67
Current Assets, Loans & Advances	1436.58	1836.34	1645.52	1408.13	1885.04
Trade Investments	0	0	0	0	0
Less: Current Liabilities & Provisions	1090.51	1220.61	1375.16	1093.95	1312.16
(Including Working Capital Facility)					
<b>Net Tangible Assets</b>	<b>1639.90</b>	<b>2089.67</b>	<b>1927.67</b>	<b>2546.02</b>	<b>3081.55</b>

**Net tangible assets are defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves, if any), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and secured as well as unsecured long term liabilities)**

**Our Company has not changed its name in the past one year.**

**The issue size (i.e. offer through offer document + firm allotment + promoters' contribution through offer document), does not exceed five (5) times its pre-issue net worth as per last available audited accounts, either at the time of filing of Prospectus with SEBI or at the time of Opening of the issue.**

**The working is as under:**

		<i>Amount in Rs. Lacs</i>
a).	Proposed Issue Size	[.]
b)	All previous issues made in the same financial year in terms of size (i.e. offer through offer document + firm allotment + Promoters' contribution through the offer document)	Nil
c)	Aggregate of (a) & (b).	[.]
d)	Pre-Issue Net worth as per the audited balance sheet of the last financial year i.e. March 31, 2007	<b>1839.06</b>
e)	Five (5) times of (d)	9195.30

## **DISCLAIMER CLAUSES**

### **SEBI DISCLAIMER CLAUSE**

**AS REQUIRED, A COPY OF THE DRAFT PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT 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 THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT PROSPECTUS. THE LEAD MANAGERS, CANARA BANK, MERCHANT BANKING DIVISION, FORT, MUMBAI 400 001 and ALLBANK FINANCE LTD, FORT MUMBAI 400 001, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT 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 MANAGERS - CANARA BANK, MERCHANT BANKING DIVISION, FORT, MUMBAI 400 001, and ALLBANK FINANCE LTD, FORT MUMBAI 400 001, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 24<sup>TH</sup> September 2007 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS:**

- a) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- b) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY**

**WE CONFIRM THAT:**

- a) THE DRAFT PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;**
- b) ALL THE 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 DRAFT 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 DRAFT PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**

**THE FILING OF DRAFT 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 ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT.**

**DISCLAIMER FROM THE ISSUER AND THE LEAD MANAGER.**

The Company, its Directors, the Lead Manager accept no responsibility for statements made other than in this Draft Prospectus or in the advertisement or any other material issued by or at the instance of the Issuer and that any one placing reliance on any other source of information would do so at his/her own risk.

All information will be made available by the Company, the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

**CAUTION**

**As a matter of abundant caution attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A 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."**

## **JURISDICTION**

This Issue is made in India to persons resident in India (including Indian nationals resident in India who are majors, HUF, 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), trust registered under the societies registration act, 1860, or any other trust law and who are authorized their constitution to hold and invest in shares) and to NRIs and FIIs as defined under Indian laws. This prospectus does not, however, constitute an offer 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 offer or invitation to such jurisdiction. Any person into whose possession this offer document comes is required to inform him about and to observe any such restrictions.

Any disputes arising out of this offer will be subject to the jurisdiction of appropriate courts. 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 for approval and has been filed with 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 Elysium Pharmaceuticals Limited since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

## **DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED (BSE)**

As required, a copy of this prospectus has been submitted to the BSE (Designated Stock Exchange). Bombay Stock Exchange Limited has given vide its letter dated [•] permission to this Company to use BSE's name in this offer document as one of the Stock Exchanges on which the Companies securities are proposed to be listed. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. 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 BSE; or
- 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 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 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 any other reason whatsoever.

## **Listing**

Application has been made to the Bombay Stock Exchange Limited for permission to deal in and for an official quotation of our Equity Shares. Our existing Equity Shares are not listed on any stock exchange (s) in India. BSE shall be the Designated Stock Exchange with which the basis of allotment will be finalized for the QIB, Non-Institutional portion and Retail portion.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the stock exchanges mentioned above, we should forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Prospectus. If such money is not repaid within eight days after the Company becomes liable to repay it, i.e., from the date of refusal or within 70 days from the date of Issue Closing Date, whichever is earlier, then the Company and all its directors jointly and severally shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

It shall be ensured 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 and adoption of the Basis of Allotment for the Issue

## **CONSENTS**

Necessary Consents for the Issue have been obtained from the following

1. Directors of our Company
2. Bankers to the Company
3. Auditors to the Company

4. Legal Advisors to the Issue
5. Lead Manager to the Issue
6. Registrar to the Issue
6. Bankers to the Issue (\*)
7. Rating Agency.....
8. Monitoring Agency...(\*).....

**EXPERT OPINION**

Except as stated elsewhere in this Draft Prospectus, the Company has not obtained any expert opinions.

**ISSUE EXPENSES**

The estimated Issue expenses are detailed below .The expenses of this issue include, among others, management fees, selling commission, printing and distribution expenses legal fees, statutory advertisement expenses and listing fees. The total expenses of the issue are estimated to be around 9% of the issue size. All expenses with respect to the issue would be met out of the proceeds of the issue. The break up of the issue expenses is as under:

<b>Expenses</b>	<b>Approximate Amount (Rs. in lakhs)</b>
Lead Management Fees	<b>35.00</b>
Marketing & Advertising Expenses	<b>25.00</b>
Stationary, Printing	<b>30.00</b>
Legal Fees, Listing fees, Audit Fees etc.	<b>20.00</b>
Registrar Expenses	<b>2.50</b>
Brokerage / Selling Expenses	<b>27.50</b>
Miscellaneous	<b>20..00</b>
<b>TOTAL</b>	<b>160..00</b>

Fees payable is as per the Memorandum of Understanding signed with the Lead Manager, to Registrars to the issue and Legal Advisors are as per the engagement letter signed with them, which form part of the Material Contracts and are available for inspection at the Registered Office of the Company at: **ADDRESS**, India between 11.00 a.m. to 3.00 p.m. on any working day, excluding Saturday and Sunday from the date of the Prospectus to until the date of closing of the issue.

The Registrar to the issue will be reimbursed with all relevant out-of-pocket expenses such as cost of stationery, postage, stamp duty, communication expenses, etc as per the MOU. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders / letter(s) of allotment by registered post.

Brokerage for the issue will be up to [\*]% of the issue price of the Equity Shares, which would be paid by the 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, the Company’s decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

**Previous Public or Rights Issues in the last 5 years**

The Company has not made any public or rights issue of Equity Shares/Debentures in the last 5 years.

**Previous Issue of Shares otherwise than for Cash**

The Company has not issued any Equity Shares for consideration other than cash except as detailed in the section entitled ‘Capital Structure’ in this Draft Prospectus.

**Commission or Brokerage on Previous Issues**

Since this is the initial public offering of the Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.

**Details of capital issue made during last three years in regard to the issuer company and other listed companies under the same management within the meaning of section 370(1)(B) of the Companies Act, 1956.**

There have been no capital issues during last 3 years by us. There are no other listed companies under the same management within the meaning of S. 370(1)(B) of the Act at present or during the last three years.

**Promise vis-à-vis Performance – Last 3 issues**

This being the initial public offering by the Company, there has been no promises made by the Company in the past.

**Listed ventures of Promoters**

There are no other listed ventures of the promoters.

**Promise vis-à-vis Performance – Last One Issue of Group Companies**

There are no other listed ventures of the promoters.

**Outstanding debentures or bonds and redeemable preference shares and other instruments issued and outstanding as on the date of the Draft Prospectus and terms of Issue**

There are no outstanding debentures or bonds or redeemable preference shares and other instruments outstanding as on the date of filing of this Draft Prospectus.

**Stock Market Data**

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

**Mechanism for redressal of Investor’s grievance**

The Company has constituted a Shareholders Grievance Committee to look into the redressal of shareholder/ investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer under the head ‘Corporate Governance’ on page 87 of this Draft Prospectus. To expedite the process of share transfer, the Company has appointed **M/s INTIME SPECTRUM REGISTRY LIMITED** as the Share Transfer Agents of the Company vide MoU dated 29<sup>th</sup> June 2006

**Disposal of Investors’ Grievances and Redressal Mechanism**

The Company has appointed **M/s INTIME SPECTRUM REGISTRY LIMITED** as the Registrar to the Issue, to handle the investor grievances in co-ordination with our Compliance officer. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and Branch. We will monitor the work of the Registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

Sr. No.	Nature of Complaint	Time Taken
1	Non-receipt of the refund	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.

We have appointed **Sri C Radhakrishnan, Company Secretary**, as the Compliance Officer who would directly liaise with SEBI with respect to implementation / compliance 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 our Registered Office, as mentioned on the cover page of this Draft Prospectus.

**Changes in Auditors during the last three years and reasons thereof**

There has been no change in our Auditors during the last three years.

**Capitalization of Reserves or Profits during last five years**

There has not been any capitalization of reserves or profits during the last five years.

**Revaluation of Assets during the last five years**

There has not been any revaluation of Assets during the last five years.

## SECTION VII – ISSUE RELATED INFORMATION

### A.TERMS OF THE ISSUE

#### **Terms of the Issue**

#### **Terms of the Issue**

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of Association, the terms of this Prospectus, Application Form, the Revision 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 Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

#### **ii) Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of the 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 the company after the date of Allotment of Equity Shares pursuant to the Issue. See the section titled “Main Provisions of the Articles of Association of the Company” beginning on page 151 of the Prospectus for a description of the Articles of Association.

#### **iii) Mode of Payment of Dividend**

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

#### **IV) Face Value and Issue Price**

The Equity Shares with a face value of Rs. 10 each are being offered in terms of this Prospectus at a price of Rs. (\*) per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares of the Company, subjected to applicable laws. The issue price is (\*) times the face value of the equity shares.

#### **v) Compliance with SEBI DIP Guidelines**

The Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time. In this regard the Company has appointed Mr.Radha Krishnan, Company secretary as the Compliance Officer of the Company.

#### **vi) Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association of the 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 ltd. company under the Companies Act, Listing Agreement with the Stock Exchanges and Articles of Association of the Company. For further details on the main provisions of the Articles of Association relating to 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 the Company” on page 151 of this Prospectus.

#### **vii) Market Lot And Trading Lot**

In terms of Section 68B of the Companies, 1956, the Equity Shares of the Company shall be allotted only in dematerialized form for all investors. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the company shall be in dematerialized form, and hence, the marketable lot is one Equity Share. Allotment in the Issue will be only in electronic form in multiples of 1 Equity Share subject to a minimum Allotment of 200 Equity Shares. For details of allotment refer to chapter titled “Issue Procedure” under section titled “Issue Related Information” beginning on page 133 of the Draft Prospectus.

#### **viii) Nomination Facility to Investor**

In accordance with Section 109A of the Companies Act, 1956 the sole or first Applicant along with other joint Applicants, may nominate any one person in whom, in the event of 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, becoming entitled to the Equity Shares by reason of death of the original holder(s), shall in accordance with Section 109A of the Companies Act, 1956 be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s).

Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed Form available on request at the Registered Office of the Company or at the Registrar and Share Transfer Agent of the Company.

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

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

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

**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 the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.**

**As per the policy of RBI, Overseas Corporate Bodies cannot participate in the Issue. The Equity Shares have not been and will not be registered under the U.S. Securities Act 1993, as amended or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S of the U.S. Securities Act, 1933), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares will be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliances with Regulation S and the applicable laws of the jurisdiction where those offers and sales occur.**

**ix) Minimum Subscription**

"If the company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue, or if the subscription level falls below 90% after the closure of issue on account of cheques having being returned unpaid or withdrawal of applications, the company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the company becomes liable to pay the amount, the company shall pay interest as per Section 73 of the Companies Act, 1956.

**x) Withdrawal of the Issue**

The Company in consultation with the Lead Manager(s) reserves the right not to proceed with the Issue, any time after the Issue opening date but before allotment without assigning any reason thereof.

**xi) Period of Subscription**

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

**xii) Arrangements for Disposal of Odd Lots**

Since, the Equity Shares will be traded in dematerialized form only; the marketable lot is one (1) Equity Share. Therefore, there is no possibility of any odd lots.

**xiii) Restrictions, if any, on transfer/transmission of Equity Shares & on their consolidation and splitting**

For a detailed description in respect of restrictions, if any, on transfer and transmission of the Equity shares and on their consolidation/splitting, please refer to the sub-heading "Main Provisions of the Articles of Association of Elysium Pharmaceuticals Ltd" on page 151 and in the chapter titled "Capital Structure" under section titled "Introduction" beginning on page 10 of this Draft Prospectus.

## B.ISSUE PROCEDURE

### **Authority the Present Issue**

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorized vide a Special Resolution passed at the Extra Ordinary General Meeting of the Company held on 30<sup>TH</sup> July 2007.

### **Principal Terms and Conditions of the issue**

The Equity Shares, now being issued, are subject to the terms and conditions of this Prospectus, the Application Form, the Memorandum & Articles of Association of the Company, the guidelines for listing of securities issued by Government of India and guidelines issued by SEBI from time to time, the Depositories Act and the provisions of the Act. In addition, the Equity Shares shall also be subject to such other terms and conditions as may be incorporated in the letter of allotment, Share Certificates, as per guidelines, notifications and other regulations for the issue of capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of the Equity Shares.

### **3. How To Apply**

#### **i) 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 the Company, Lead Manager(s) to the Issue, Registrar to the Issue, Brokers to the Public Issue and at the branches/collection centers of the Bankers to the Issue, as mentioned on the Application Form. NRIs/ FIIs can obtain the Application Form from the registered office of the Company.

#### **ii) Who Can Apply:**

- a) Indian Nationals, who are resident in India and are Adult Individuals and are not lunatic, or in the names of their minor children as natural/legal guardians, in single name or joint names (not more than three)
- b) Hindu Undivided Families (HUF) through the Karta of the Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the Application is being made in the name of the HUF in the Application Form as follows: "Name of Sole or First Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Applications by HUFs would be considered at par with those from individuals;
- c) Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares
- d) Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks and Regional Rural Banks. Co-operative Banks may also apply subject to permission from Reserve Bank of India and SEBI regulations, if any);
- e) Scientific and/or Industrial Research Organizations which are authorized to invest in shares
- 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 Lacs and who are authorized under their constitution to hold and invest in equity shares
- j) Pension Funds with minimum corpus of Rs.2500 Lacs and who are authorized under their constitution to hold and invest in equity shares
- k) Trusts or Societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and are authorized under its constitution to hold and invest in Equity Shares of a Company
- l) Foreign Institutional Investors (FIIs) on repatriation basis/ non-repatriation basis subject to applicable laws
- m) Permanent and Regular employees of the Company
- n) Non-Resident Indians (NRIs) on repatriation / non-repatriation basis subject to
- o) Applicable laws
- p) Multilateral and bilateral development financial institutions.
- q) Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.

**Note:** The LM shall not be entitled to subscribe to the Issue in any manner. However, associates and affiliates may subscribe for Equity Shares in the Issue, where the allotment is on a proportionate basis. The information below is given for the benefit of the investors. The Company and the LM are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Investors are advised to ensure that Equity Shares applied for under any single applications form, from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

**iii) Applications not to be made by:**

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

**iv) 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.

**v) Minimum and Maximum Application Size**

Applications should be for minimum of 200 Equity Shares and in multiples of 200 Equity Shares thereafter. An applicant in the public category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public Under existing SEBI guidelines, a QIB applicant cannot withdraw its application after the Issue Closing Date.

**4. 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. In terms of Section 68B of the Companies Act, 1956, the Equity Shares in this Offer shall be allotted only in dematerialized form. The investor shall have the option to either receive the security certificates or to hold the securities in dematerialized form with a depository.

**5. Filing of the Prospectus with the RoC**

A copy of the Prospectus has been filed with the Registrar of Companies, Gujarat in terms of Section 56, Section 60 of the Companies Act.

**6. Pre-Issue Advertisement**

The Company will issue a statutory advertisement after filing of the Prospectus with the RoC. This advertisement will contain the information that has to be set out in the statutory advertisement. Material updates, if any, between the date of filing the Prospectus with the RoC and the date of release of this statutory advertisement will be included in the statutory advertisement.

**7. Option to Subscribe in the Issue**

Equity Shares being offered through the Prospectus can be applied for in dematerialized form only. However the investor shall have the option to hold the Equity Shares in physical form or demat form. After the allotment in the proposed issue allottees may request their respective Depository Participant for rematerialisation of shares in physical shares.

**8. Availability of Prospectus and Application Forms**

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

NRIs/FIIs can obtain the Application Form from the Registered Office of the Company as well as from the Office of the Lead Manager.

**Application by Mutual Funds/ Schedule Banks/Indian and Multilateral Development Financial Institutions**

*As per the current regulations, the following restrictions are applicable for investments by mutual funds:*

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

Schedule Banks and Indian and Multilateral Development Financial Institutions can apply in this public issue based upon their own investment limits and approvals.

#### **Application by NRIs**

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment on repatriable basis. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (White in colour) Application by NRIs for an amount of not more than Rs. 100,000/- would be considered under the Retail Portion for the purposes of allotment.

#### **Application by FIIs**

*As per the current regulations, the following restrictions are applicable for investments by FIIs:*

The allotment of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company. In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the company total issue capital or 5% of the Company total issued capital in case such sub-account is a foreign corporate or an individual.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals, in terms of Regulation 15A(1) of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub account may issue, deal or hold, off-shore derivatives instruments, such as Participatory Notes, Equity-Linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any Stock Exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities, in the countries of their incorporation or establishment, subject to compliance of "Know Your Client" requirements. An FII or sub account shall also ensure that no further downstream issue or transfer of any instrument referred to herein above is made to any other person other than a regulated entity.

#### **Application by SEBI Registered Venture Capital Funds And Foreign Venture Capital Investors**

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

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI, in one company should not exceed 25% of the corpus of the venture capital fund, a Foreign Venture Capital Investor can invest its entire funds committed for investments into India in one company. Further, Venture Capital Funds and Foreign Venture Capital Investors can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

The above information is given for the benefit of the Applicants. The Company and the LM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of the Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under the laws or regulations, and the Company and the LM shall on no grounds whatsoever be liable for or responsible for any breach of applicable regulations by any investor or category of investors.

#### **Applications under Power of Attorney**

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/or bye laws must be lodged along with the Application Form, Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. In case of Applications made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. In case of Applications made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with Application Form. Failing

this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.

In case of Applications made by provident funds with minimum corpus of Rs.2500 Lacs (subject to applicable law) and pension funds with minimum corpus of Rs. 2500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case without assigning any reason therefor.

In case of Applications made by Mutual Fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason.

**The Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the Application Form, subject terms and conditions that the Company and the LM may deem fit.**

#### 9. General Instructions for Applicants

##### 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 colors:

Category	Color
Indian public, NRIs applying on a non repatriation basis	white
Non-residents including Eligible NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue

a) Application must be made only:

- i) For a minimum of 200 Equity Shares and in multiples of 200 thereafter.
- ii) In single name or joint names (not more than three);

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.

b) Bank Account Details of Applicant:

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

**Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the Applicants such as address, bank account details for printing on refund orders or give credit through ECS and occupation ( hereinafter referred to as "Demographic Details"). Hence, Applicants are advised to immediately update their bank account details including Magnetic Ink Character Recognition (MICR) Code (a nine-digit code appearing on a cheque leaf) as appearing on the records of the depository participant, and carefully fill in their Depository Account details in the Application Form. Please note that failure to do so could result in delays in credit of refunds to Applicants at the Applicants sole risk and neither the LM nor the Company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.**

These Demographic Details would be used for all correspondence with the Applicants including mailing of the refund orders/ECS credit for refunds/ Allocation Advice and printing of Company particulars on the refund order and the Demographic Details given by Applicants in the Application Form would not be used for these purposes by the Registrar. Hence, Applicants are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct. Allocation Advice / refund orders/ECS refunds for credits/ refund advice would be mailed at the address of the Applicants as per the Demographic Details received from the Depositories.

Applicants may note that delivery of allocation advice/ refund orders/ intimation for ECS refunds of credits/refund advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Applicant in Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Applicants sole risk and neither the Company nor the Registrar nor the LM shall be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay or liable to pay any such interest for such delay. In the case of refunds through electronic modes as detailed in page no. 163 of this Prospectus, Applicants may note that refund may get delayed if the bank particulars obtained from the Depositories are incorrect

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's identity, then such Applications are liable to be rejected.

c) By signing the Application For, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

d) 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.

e) An applicant in the public category cannot make an application for that number of securities exceeding the number of securities offered to the public. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank), which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.

f) A separate cheque or Bank draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.

g) All Cheques or Bank Drafts must be payable to any of the Bankers to the Issue with whom the application is lodged and marked "Name of the Bank A/c-M/s Elysium Pharmaceuticals Limited Public Issue" and crossed "Account Payee Only" (e.g. \_\_\_\_\_ **Bank A/c Elysium Pharmaceuticals Limited Public Issue**).

h) All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to the Company or to the Lead Manager to the Public Issue or to the Registrars to the Public Issue.

i) No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.

j) When an application for Equity Shares is for a total value of Rs.50, 000/-or more, the applicant or in the case of application in joint names each applicant should mention his/her Permanent Account Number (PAN) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR Number and the IT Circle, Ward, District. In case neither PAN, GIR Number has been allotted mention of "Not Allotted" must be made in the place provided. Application Form without this information will be considered incomplete and is liable to be rejected.

k) All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.

l) The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.

m) Having regard to the provisions of Section 269 (SS) of the Income Tax Act, 1961, subscriptions against applications for securities should not be effected in cash and must be effected only by Account Payee

cheques or Account Payee bank drafts, if the amount payable is Rs. 20,000/-or more. In case payment is effected in contravention of this provision, the application is liable to be rejected.

n) Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk along with Demand Draft payable at Mumbai only payable to “Elysium **Pharmaceuticals Limited -Public Issue**”

o) Applications by NRIs on non-repatriation basis can be made using the Application Form meant for Resident Indians 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.

p) The company in its absolute discretion, reserves the right to permit the holder of Power of Attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of Refund Orders/ECS refunds for credits/Allotment Advice, the demographic details given on the Application Form should be used (and not those obtained from the Depository of the Applicant). In such cases, the Registrar shall use Demographic details as given in the Application Form instead of those obtained from the Depositories.

q) In case no corresponding record is available with the Depositories, which matches three parameters, namely, name(s) of the Applicant(s) (including the order of names of joint holders), the Depository Participant’s identity (DP ID) and the beneficiary’s identity, then such Applications are liable to be rejected.

**For further instructions please read Application Form carefully.**

#### **10. Terms of Payment**

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

#### **11. Submission of Completed Application Forms:**

All applications duly completed and accompanied by cash/ cheques/ bank drafts shall be submitted at any of 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 the Company or the Lead Manager(s) to the Issue or the Registrars 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 Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, LBS MARG, Bhandup, (West), Mumbai- 400078 super scribing the envelope “**Elysium Pharmaceuticals 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 Mumbai only.

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

The Company will not be responsible for postal delays and loss in transit. The Company will not entertain any claims, damages 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 the 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.

#### **12. Payment Instructions**

a) Payments should be made in cash or cheque or bank draft drawn on any Bank (including a Cooperative 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. Outstation cheques /bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/Money Orders/Postal Orders will not be accepted. In case payment is effected in contravention of conditions

mentioned herein, the application is liable to be rejected and application money will be refunded and no interest will be paid thereon. A separate cheque / bank draft must accompany each application form.

b) 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.

c) All cheques / bank drafts accompanying the application should be crossed “**A/c Payee Only**” and must be made payable to the Bankers to the Issue where the application is lodged and marked: “Name of the Bank a/c: Elysium Pharmaceuticals Limited PUBLIC ISSUE

d) In case of Applications by NRIs applying on registration basis, the payments must be made through Indian Rupee draft purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Applicant applying on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.

e) In case of Applications by FIIs, the payment should be made out of funds in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Rupee Account.

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

g) 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 NRIs applying on non-repatriation basis**

“Name of the Bank a/c: **Elysium Pharmaceuticals Limited- PUBLIC ISSUE**”

NRIs/FIIs on repatriation basis “Name of the Bank a/c: **Elysium Pharmaceuticals Limited - PUBLIC ISSUE – NR**”

### **13. Instructions For Applications By NRIs/FIIs (On Repatriable Basis):**

a) As per Notification No. FEMA 20 / 2000 - RB dated 3rd May 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for Issue of Equity Shares to NRIs/FIIs with repatriation benefits.

b) NRIs / FIIs / Indian Mutual Funds & Indian and Multilateral Development Financial Institutions can obtain the Application Form from either the Registered Office of the Company.

c) In case of application by NRIs on repatriation basis, the payments must be made through Indian Rupees drafts purchased abroad or cheques or banks, for the amount payable on application remitted through approved banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non Resident Ordinary (NRO) Accounts of Non-Resident Subscribers applying on a repatriation basis. Payment by bank drafts should be accompanied by along with the Certificate from the Bank issuing the Draft confirming that the Draft has been issued by debit to NRE/FCNR account.

d) However, the allotment / transfer of the Equity Shares to NRIs/FIIs shall be subject to RBI approval under prevailing RBI Guidelines or any other requisite statutory authority as may be necessary under the existing Exchange Control regulations. The 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.

e) 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 authorized 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.

f) Duly filled Application Forms, by NRIs / FIIs, along with the cheques/bank drafts, and crossed ‘**Account Payee only**’ in favour of “\_\_\_\_\_ **Bank A/c- Elysium Pharmaceuticals Limited –Public Issue-NRI**” will be accepted at designated branches of the Bankers to the Issue.

g) Refunds/dividends and other distributions, if any, will be payable (net of Bank Charges/commissions) in Indian Rupees only. 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. The 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.

h) 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 on repatriable basis. 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 blue coloured forms meant for applications on repatriable basis.

i) The Company does not require approvals from FIPB or RBI for the transfer of Equity Shares in the Issue to eligible NRIs, FIIs, and foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

j) There is no reservation for Non Residents, NRIs, FIIs and foreign venture capital funds and all Non Residents, NRI, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allotment.

*The Equity Shares have not been and will not be registered under the U.S. Securities Act 1993, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in the Regulation S of the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.. Accordingly, the Equity Shares may be offered and sold only (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States in compliance with Regulation S and the applicable laws of the jurisdiction where those offers and sale occur.*

#### **14. Instructions For Applications By Indian Mutual Funds & Indian And Multilateral Development Financial Institutions:**

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

b) In case of a 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 Applications had been made.

c) 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.

d) Schedule Banks and Indian Mutual Funds & Indian and Multilateral Development Financial Institutions should apply in this Public Issue based upon their own investment limits and approvals.

e) Application Forms together with cheques or bank drafts drawn in Indian Rupees for the full amount payable at the rate of Indian Rs. (.) per Equity 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.

f) A separate single cheque / bank draft must accompany each Application Form.

#### **15. Right to Reject Applications**

In case of all categories of Applicants the Company has 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 Applicant's sole risk.

#### **Grounds for Technical Rejections**

Applicants are advised to note that Applications are liable to be rejected on among others on the following technical grounds:

- a) Applications not duly signed by the sole/joint Applicants;
- b) Amount paid doesn't tally with the amount payable for the Equity Shares applied for;
- c) Bank account details (for refund) are not given;
- d) Age of First Applicant not given;
- e) In case of partnership firms, Equity Shares may be registered in the names of the individual partner and no firm as such shall be entitled to apply;
- f) Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- g) PAN photocopy/ PAN Communication/ Form 60 / Form 61 declaration not given if Application is for Rs.50,000 or more and GIR number is given instead of PAN;
- h) Application for lower number of Equity Shares than specified for that category of investors;
- i) Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- j) Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- k) Application at a price less than the offer price;
- l) Application at a price higher than the stated price;
- m) Application for number of Equity Shares, which are not in multiples of 200.
- n) Category not ticked;
- o) Multiple applications as defined in Prospectus;
- p) In case of application under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- q) Application Form does not have Applicant's depository account details;
- r) Applications accompanied by Stockinvest/money order/postal order/cash;
- s) Signature of sole and/ or joint Applicant(s) missing;
- t) Application Forms are not delivered by the applicant within the time prescribed as per the Application Form, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Form;
- u) Applications by OCBs; or
- v) Applications by U.S. residents or U.S. persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the U.S. Securities Act of 1933.
- w) In case no corresponding record is available with the Depositories that matches three Parameters namely, names of the applicant (including the sequence of names of joint holders), the Depository Participant's Identity (DP ID) and the beneficiary's account number;

**For further instructions regarding application for the Equity Shares, investors are requested to read the Application Form carefully.**

#### **16. Acceptance of Applications**

LM and the Company reserve the right to reject any QIB Application without assigning any reason. In case of Non-Institutional applicants and Retail Individual applicants, Permanent Employees, LM and the Company have a right to reject applications based on technical grounds. Consequent refunds shall be made as per modes disclosed.

#### **17. General Information**

##### **(A) Joint Applications in case of Individuals**

Applications may be made in single or joint names (not more than three). In case of Joint Applications, refund, pay orders, dividend warrants etc. if any, will be drawn in favour of the first applicant and all communications will be addressed to the first applicant at her/his address as stated in the application form.

##### **(B) 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 case of a 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.

NRIs/ FIIs applying on a repatriation basis shall not make an application in the public category and such applications made in both the categories i.e. reserved category and Public Category shall be treated as multiple applications.

The Company reserves the right to accept or reject, in absolute discretion, any or all-multiple applications or all categories. Unless the Company specifically agrees in writing with or without such terms and conditions it deems fit, a separate cheque/draft must accompany each application form.

**(C) Bank Account Details**

The applicant shall have to mention particulars relating to his saving bank / current account number and the name of the branch of the bank with whom such account is held in the respective spaces provided in the application form, to enable the registrars to print the said details in the refund orders after the names of the payee to prevent fraudulent encashment of refund order(s). Application forms without this information will be considered incomplete and will be liable to be rejected. The Applicant should note that on the basis of the name of the Applicant, Depository Participant's (DP) name, Depository Participants identification number and beneficiary account number provided by them in the Application Form, the Registrar to the Offer will obtain from the Applicant's DP A/c, the Applicant's bank account details. The investors are advised to ensure that bank account details are updated in their respective DP A/cs as these bank account details would be printed on the refund order(s), if any.

**(D) PAN / GIR Number**

Where an application for allotment of securities is for a total value of Rs.50, 000/-or more i.e., the total number of securities applied for multiplied by the issue price is Rs.50, 000/-or more the applicant or in case of applications in joint names, each of the applicant, should mention his / her Permanent Account Number i.e. PAN allotted under the Income Tax Act, 1961. The copy of the PAN card or the 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 the applicant 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 or first applicant and joint applicants is /are not required to obtain PAN, each of the applicants shall mention "Not Applicable" and in the event the sole applicant and /or the joint applicants have applied for PAN which is not been allotted each of the applicants should mention "Applied For" in the application forms. Further, where the applicants have mentioned " Applied For" or "Not Applicable", the sole/first applicant and each of the joint applicants, 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 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 License (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 Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All applicants are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

**(E) Section 269 Ss Of Income Tax, 1961**

In respect of all the categories eligible to apply in this issue, having regard to the provisions of Sec 269SS of the Income Tax Act, 1961 the subscriptions against these applications should not be effected in cash and must be effected by an Account Payee Cheques/Draft, if the amount payable is Rs. 20,000/-or more. In case the payment is effected in contravention of this provision, the applications are liable to be rejected.

**(F) Unique Identification Number-MAPIN**

With effect from July 1, 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/quote UIN under the MAPIN Regulations/Circulars vide its circular MAPIN/Cir- 13/2005. However, in a press release dated December 30,2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UIN's in a phased manner. The press release states that the cut-off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs.1 Lac to Rs.5,00,000/-, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

### **(G) Equity Share in Dematerialised Form with NSDL or CDSL**

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

In this context, two tripartite agreements have been signed between the Company, the respective Depositories and the Registrar to the Issue:

- i. a Tripartite agreement dated 20.09.2006 between the NSDL, the Company and the Registrar to the Issue;
- ii. a Tripartite agreement dated 12.09.2006 -between the CDSL, the Company and the Registrar to the Issue.

Successful allottees in this Issue will be compulsorily allotted Equity Shares in dematerialized form.

All investors can seek allotment only in dematerialised 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 DPs 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.

Application from any investor, opting for allotment in dematerialised form, without the details of his depository account is liable to be rejected.

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.

The Applicant must necessarily fill in the details (including the Beneficiary Account No. and Depository Participants Identification No.) in the Application Form.

Equity Shares allotted to successful applicants in the electronic account will be credited directly to the respective Beneficiary Accounts (with the Depository Participant)

Name(s) 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.

The Registrar to this Issue will directly send non-transferable Allotment Letters/ Refund Orders to the Applicant.

Application will be liable to be rejected if incomplete or incorrect details are given under the heading 'Request for shares in electronic/dematerialized form' in the Application Form.

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.

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 Equity Shares of the Company are proposed to be listed is connected to NSDL and CDSL.

Trading in the Equity Shares of the Company would be in only dematerialized form for all investors.

### **Communications**

All future Communications in connection with Applications made in the 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 Banker to the Issue where the Application was submitted and cheque or draft number and issuing bank thereof.

**Investors can contact the Compliance Officer or the Registrar to the Issue 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.*

### **(H) Disposal of Applications and Application Money**

The 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.

The Company shall make refunds in case of over subscription using the following modes:

- a In case of applicants residing in any of the 15 centers specified by the Board – by crediting of refunds to the bank accounts of applicants through electronic transfer of funds by using ECS (Electronic Clearing

Service), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer), as is for the time being permitted by the Reserve Bank of India;

b In case of other applicants – by dispatch of refund orders by registered post, where the value up to Rs 1500/- by “Under Certificate of Posting and shall dispatch refund orders above Rs.1, 500/-, if any, by registered post or speed post, except for Applicants who have opted to receive refunds through the ECS facility and

c Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 30 days of closure of Issue.

d The company shall ensure dispatch of refund orders, if any, by “Under Certificate of Posting” or registered post or speed post or ECS, as applicable, only at the sole or First Applicant’s sole risk within 30 days of the Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mod(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.

e In case of any category of applicants specified by the Board – crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by the Board from time to time.”

f The Company shall ensure dispatch of allotment advice, refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of Allotment.

g The company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7(seven) working days of the finalisation of the basis of allotment.

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

- i. Allotment shall be made only in dematerialized form within 30 (thirty) days of the Issue Closing Date;
- ii. Dispatch refund orders within 30 (thirty) days of the Issue Closing Date would be ensured; and
- iii. The Company shall pay interest at 15% (fifteen) per annum (for any delay beyond the 30 (thirty) days time period as mentioned above), if allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 30(thirty) days time prescribed above as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31,1983 as amended by their letter No.F/14/SE/85 dated September 27,1985, addressed to the Stock Exchanges, and as further modified by SEBI’s Clarification XXI dated October 27,1997, with respect to the SEBI DIP Guidelines.

Such refund orders will be payable at par at all the collection centers.

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

The Company has undertaken to make adequate funds available to the Registrar to the Issue for making refunds to unsuccessful applicants as per the mode(s) disclosed.

#### **(I) IMPERSONATION**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A 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."**

#### **(J) Interest in case of Delay in Dispatch of Allotment Letters/Refund Orders**

The 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. The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in, a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner) within 30 days from the date of the closure of the Issue.

### **(K) 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 relevant guidelines:

#### **Procedure and Time Schedule for Allotment of Equity Shares and Demat Credit of Equity Shares**

**ISSUE OPENS ON: ----- 2007 ISSUE CLOSES ON: -----, 2007**

The Company, in consultation with the LM, will determine the Issue Price, and the basis of allotment based on the Applications received and subject to the confirmation by the BSE/NSE. SEBI Guidelines require the Company to complete the allotment to successful Applicants within 30 days of closure of the Issue. The Equity Shares will then be credited and allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence. This typically takes three trading days from the date of crediting the investor's demat account, subject to final approval by the Stock Exchanges.

#### **Method of Proportionate Basis of Allotment**

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. 200 Equity Shares.

#### **Fresh Issue to Public**

In the event of Issue being over-subscribed, the allotment will be on a proportionate basis subject to minimum allotment being equal to the minimum application size, i.e. 200 Equity Shares as explained below:

1. A minimum 50% of the Fresh Issue to the Indian Public will be made available for allotment in favour of those Retail Individual Investors/applicants that is those individual applicants (including HUF's) who have applied for Equity Shares of or for a value of not more than Rs.1, 00,000/-. This percentage may be increased in consultation with the Designated Stock Exchange depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance Equity Shares would be added to the higher category/ other categories and allotment made on a proportionate basis as per relevant SEBI Guidelines. The Executive Director/Managing Director of the Designated Stock Exchange 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 SEBI Guidelines.
2. The balance of the Fresh Issue to Indian Public shall be made available to investors including Corporate Bodies/Institutions and individual Applicants who have applied for allotment of Equity Shares for a value of more than Rs. 1,00,000/-, irrespective of number of Equity Shares applied for.
3. The Unsubscribed portion of the Fresh Issue to any of the categories specified in (1) or (2) shall be made available for allotment to Applicants in the other category, if so required.
4. Applicants will be categorized according to the number of Equity Shares applied for.
5. The total number of shares to be allotted to each category as a whole shall be arrived at on a proportionate basis i.e., the total number of shares applied for in that category (number of applicants in the category multiplied by the number of shares applied for) multiplied by the inverse of the over subscription ratio.
6. Number of the shares to be allotted to the successful allottees shall be arrived at on a proportionate basis i.e., total number of shares applied for by each applicant in that category multiplied by the inverse of the over subscription ratio.
7. All the Application Forms where the proportionate allotment works out to less than 200 shares per Applicant, the allotment shall be made as follows:
  - a Each successful Applicant shall be allotted a minimum of 200 shares; and
  - b The successful Applicants out of the total applicants for that category shall be determined by draw of lots in such a manner that the total number of shares allotted in that category is equal to the number of shares worked out as per (6) above.
8. If the proportionate allotment to an Applicant works out to a number that is more than 200 Equity Shares but is a fraction, the fraction equal to or higher than 0.50 shall be rounded off to the next integer and if that fraction is lower than 0.50, the fraction shall be ignored.
9. All the Applicants in such categories shall be allotted shares arrived at after such rounding off.

10. If the shares allocated on a proportionate basis to any category are more than the shares allotted to the Applicants in that category, the balance available shares for allotment shall be first adjusted against any other category, where the allocated shares are not sufficient for proportionate allotment to the successful Applicants in that category.

11. The balance of Equity Shares, if any, remaining after such adjustment shall be added to that category comprising applicants applying for minimum number of shares.

12. The process of rounding off to the nearest integer subject to a minimum allotment being equal to 200 Equity Shares, which is the minimum application size in this Issue, may result in the actual allotment being higher than the shares offered. However, it shall not exceed 10% of the net offer to public.

**Retail individual investor means an investor who applies for shares of value of not more than Rs. 1,00,000/-**

Investors may note that in case of over-subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE. The drawl 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 the BSE. The Executive Director / Managing Director of the Designated Stock Exchange in addition to Lead Merchant Bankers and 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 SEBI Guidelines.

#### **(L) Letters of Allotment or Refund Orders**

The 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. The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE are taken within 7 working days of finalisation of the Basis of Allotment for the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we undertake that:

a Allotment of Equity Shares, only in dematerialized form, shall be made within 30 days from the Issue Closing Date;

b Dispatch of refund orders shall be done within 30 days from the Issue Closing Date; and

c The Company shall pay interest at 15% per annum (for any delay beyond the 30 days time period as mentioned above), if refund orders are not dispatched and/or demat credits are not made to investors within the 30 day time period prescribed above

d In case of applicants residing in any of the centers specified by the Board - – refunds shall be credited through electronic transfer of funds by using ECS (Electronic Clearing System), Direct Credit, RTGS (Real Time Gross Settlement) or NEFT (National Electronic Funds Transfer), as is for the time being permitted by the Reserve Bank of India;

e In case of other applicants - where the value of refund order is Rs. 1500/- or more, refund orders will be dispatched to the applicants by registered post;

f In case of any category of applicants specified by the Board - crediting of refunds to the applicants in any other electronic manner permissible under the banking laws for the time being in force which is permitted by the Board from time to time.

Refunds other than (a) above, will be made by cheques or pay-orders drawn on the bank(s) appointed by the 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.

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

#### **(M) Mode of making refunds**

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository the Applicants bank account details including nine digit MICR code. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Applicants at the Applicants sole risk and neither the LM nor the Company shall have any responsibility and undertake any liability for the same.

The payment of refund, if any, would be done through various modes in the following order of preference:

**a. ECS:** Payment of refund would be done through ECS for applicants having an account at one of the 15 centers, where clearing houses for ECS are managed by Reserve Bank of India namely 1) Ahmedabad, 2) Bangalore, 3) Bhubaneswar, 4) Kolkata, 5) Chandigarh, 6) Chennai, 7) Guwahati, 8) Hyderabad, 9) Jaipur, 10) Kanpur, 11) Mumbai, 12) Nagpur, 13) New Delhi, 14) Patna and 15) Thiruvanthapuram. This would be subject to availability of complete Bank Account Details including MICR code from the depository. The payment of refund through ECS is mandatory for applicants having bank account at any of the 15 centers named herein above, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS or NEFT.

**b. Direct Credit:** Investors having their bank account with the Refund Bank, ----- shall be eligible to receive funds, if any, through Direct Credit. The refund amount, if any, would be credited directly to their bank account with the Refund Banker.

**c. RTGS:** Applicants having a bank account at any of the 15 centers detailed above, and whose Application amount exceeds Rs. 10 Lacs, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the Application Form. In the event of failure to provide IFSC code in the Application Form, the refund shall be made through ECS or Direct Credit, if eligibility is disclosed;

**d. 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.

**e.** For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR Code, the refund orders would be dispatched "Under Certificate of Posting" for refund orders of value up to Rs. 1500/- and through Speed Post/ Registered Post for refund orders of Rs. 1500/- and above.

**f.** Please note that only applicants having a bank account at any of the 15 centers where clearing houses for ECS are managed by RBI are eligible to receive refunds through the modes detailed in (a), (b) and (c) herein above.

**(N) Interest in Case of Delay in Dispatch of Allotment Letters / Refund Orders in case of Public Issue**

The Company agrees that as far as possible allotment of Equity Shares offered to the public shall be made within 30 days of the closure of Public Issue. The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner within 30 days from the date of the closure of the Issue.

**(O) Scope of activities of the Registrar to the Issue**

The Registrar to the Issue shall also be the share transfer agent and would also be responsible for all the post issue activities pertaining to this issue. All future communications in connection with Application 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, number of Equity Shares applied for, date, bank and branch where the application was submitted and cheque/draft number and issuing bank thereof. The trading of equity shares would be dematerialized form only for all the investors.

**(P) Undertaking by the Company:**

The Company undertakes:

- That the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.

- That all steps for completion of the necessary formalities for listing and commencement of trading at stock exchange where the Equity Shares are proposed to be listed are taken within seven working days of finalization of basis of allotment.
- that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed under the heading “Modes of making refunds” beginning on page (.) of the Prospectus shall be made available to the Registrar to the issue by the issuer.
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days of the final transfer date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- That the refund orders or allotment advice to the successful Applicants shall be dispatched within specified time;
- That the certificates of the Equity Shares / refund orders to the non-resident Indians shall be dispatched within specified time.
- That no further Issue of Equity Shares shall be made till the Equity Shares issued through this Prospectus are listed or till the application moneys are refunded on account of nonlisting, under subscription, etc.
- That the allotment advice/refund order to the NRIs/FIIs shall be dispatched within the specified time. The Company will provide adequate funds required for dispatch of refund orders / electronic transfer of funds for refunds or allotment advice to the Registrar to the Issue.

#### **(Q) Utilization of Issue Proceeds**

The Board of Directors of the Company certifies that:

- a All monies received out of this Issue of Equity Shares to public shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act;
- b Details of all monies utilized out of the Issue referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the purpose for which such monies had been utilized; and

Details of all unutilized monies out of the Issue of Equity Shares, if any, referred to in sub item (a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the form in which such unutilized monies have been invested.

The Board of Directors of the Company further certifies that:

- i) Pending utilization of net proceeds of the Issue of Equity Shares as specified under the section “Objects of the Issue’, the net proceeds will be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.
- ii) The Company shall not have any recourse to the Issue proceeds until the approval for listing and trading of Equity Shares is received from all the Stock Exchanges where listing is sought is received.

#### **13. Rectification of Register of Members**

The Company, under Section 111A of the Companies Act will have the right to rectify the register of members to comply with the Companies Act.

#### **14. Restrictions on Foreign Ownerships of Indian Securities , if any**

Foreign investment in Indian securities is regulated through the industrial policy of the Government of India, notified through press notes and press releases issued from time to time and the FEMA and circulars and notifications issued there under. While the Policy of Government prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government of India, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures and reporting requirements for making such investment. As per current foreign investment policies, foreign direct investment in the industries in which the Company operates is allowed upto 100% under the automatic route. By way of Circular No.53 dated December 17,2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a Public Issue without prior RBI approval, so long as the price of Equity Shares to be issued is not less than the price at which Equity Shares are issued to residents.

Investors making a application in this Issue will be required to confirm and will be deemed to have represented to the Company, the LM and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to subscribed to the Equity Shares of the Company and will not offer, sell, pledge or transfer the Equity

Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the LM and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor whether such investor is eligible to subscribe to Equity Shares of the Company.

#### **15. Subscription by NRIs/FIIs**

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

As per the RBI regulations, OCB cannot participate in the Issue.

#### **16. Investment by Foreign Institutional Investors**

Foreign Institutional Investors (“FIIs”) including institutions such as pension funds, investment trusts, asset management companies, nominee companies, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI’s general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

**As per the current regulations, the following restrictions are applicable for investments by FIIs, the allotment of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company. In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub account shall not exceed 10% of the company total issued capital or 5% of the company total issued capital in case such sub account is a foreign corporate or an individual.**

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

The Equity Shares have not been and will not be registered under the Securities Act, 1993 or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares may be offered and sold (i) in the United States to “qualified institutional buyers” as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

## SECTION VIII – MEMORANDUM AND ARTICLES OF ASSOCIATION

### MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

The Authorised Capital of **ELYSIUM PHARMACEUTICALS LTD** is Rs2200.00 lacs divided into 220.00 lacs of Equity Shares of Rs.10/-each;

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

#### SHARE CAPITAL AND VARIATION OF RIGHTS

- Authorised Capital    5.
- (a) The Authorised Share Capital of the Company shall be in accordance with Clause V of the Memorandum of Association of the Company from time to time with power to increase or reduce the share capital of the Company and to divide the share capital for the time being into several classes and to attach thereto respectively such preferential qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.
  - (b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.
  - (c) The cumulative redeemable shares shall confer on the holders thereof the right to a fixed cumulative preferential dividend at the rate of 14% per annum or such other rate as may be fixed by the Board of Directors from time to time either at the time of issue or revising the rate of dividend on the existing preference shares in conformity with the rate from time to time prescribed under the Preference shares (Regulation of Dividends) Act, 1960 free off Company's tax, but subject to deduction of tax at source at the prescribed rates, on the capital, for the time being paid up thereon, or deemed to be paid up thereon and in the event of winding up the right to redemption of capital and arrears of the said fixed dividend accrued upto the date of the commencement of the winding up and payable whether such dividend has been earned or declared or not, and shall as regards such dividend and payment in winding up rank in priority to equity shares in the capital of the Company for equity shares in the capital of the Company for the time being, but the said preference shares shall not entitle the holder thereof to any further or other participation in the profits or assets of the Company.
  - (d) Subject to the provisions of the Act the preference shares shall be redeemed before the expiry of 10 years from the date of allotment provided.
  - (e) If the Company through its Directors decides to redeem only a part of the preference shares for the time being outstanding during the period mentioned in paragraph (d) above, the said preference shares to be redeemed on each occasion shall be determined by drawing of lots to be made at such time and place and in such manner as the Directors may determine, but in the presence of at least one of the Directors and representatives of the auditors of the Company for the time being.

- (f) The Company shall not create and/or issue preference shares in future ranking in priority to the preference shares already issued and further in the event the Company creates and/or issues preference shares in future ranking pari passu with the preference shares already issued, it would do so only with the consent in writing of the holders of not less than 3/4<sup>th</sup> of the preference shares then outstanding or with the sanction by special resolution passed at a separate meeting of the holders of preference shares.

#### **INCREASE, REDUCTION AND ALTERATION OF CAPITAL**

- 6. The Company may from time to time in general meeting increase its share capital by the issue of new shares of such amounts as it think expedient.

On what conditions  
the new shares may  
be issued

Further issue of  
capital

- a) Subject to the provisions of section 80, 81 and 85 to 90 of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto by the general meeting creating the same as shall be directed and if no direction be given, as the Directors shall determine and in particular such shares may be issued subject to the provisions of the said sections with a preferential or qualified right to dividends and in distribution of assets of the Company and subject to the provisions of the said sections with special or without any right of voting and subject to the provisions of section 80 of the Act and preference shares may be issued on the terms that they are or at the option of the Company are to be liable to be redeemed.
- b) 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, whether out of unissued share capital or out of the increased share capital.
  - (i) such further shares all be offered to the persons who at the date of offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit to the Capital paid up on those shares at that date.
  - (ii) the offer aforesaid shall be made by a notice specifying the number shares offered and limiting a time not being less than one month from the date of the offer within which the offer, if not accepted, will be deemed to have been declined.
  - (iii) the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice shall contain a statement of this right.
  - (iv) 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 may dispose of them in such manner as they think most beneficial to the Company.
  - (v) Nothing in sub-clause (b) (iii) hereof shall deemed:
    - a) To extend the time within which the offer should be accepted: or
    - b) To authorize any person to exercise the rights of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

- c) Notwithstanding anything contained in the preceding sub-clause the Company may :
- i. by a special resolution; or
  - ii. where no such special resolution is passed if the votes cast (whether on a show of hands or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including casting vote, if any, of the Chairman) by members who being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceeds the votes, if any, against the proposal by members so entitled and vote and the Central Government is satisfied, on application made by the Board of Directors in this behalf, that the proposal is most beneficial to Company.
  - iii. Offer further shares to any person or persons, and such person or persons may or may not include the person/s who at the date of the offer, are the holders of the equity shares of the Company,
- d) Notwithstanding anything contained in sub-clause (a) above but subject, however, to Section 81(3) of the Act, the Company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company,  
 PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:
- (i) Either has been approved by the Central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and
  - (ii) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the Company in general Meeting before the issue of the loans.
- e) Subject to the provisions of the Act and these Articles, the Directors may issue and allot shares in the capital of Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the Conduct of its business and any shares which may be so allotted may be issued as fully paid up or partly paid up shares as the case may be.
- f) Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls, installments, transfers, transmission, forfeiture, lien, surrender, voting and otherwise.
7. a) Subject to the provisions of Section 80 and 80A of the Act and subject to the provision on which any shares may be issued, the Company, may issue preference shares which are or at the option of the Company are to be liable to be redeemed.

Directors may allot shares as fully paid up

Same as original capital

Power to issue Redeemable Preference Share

Provided that :

- i. no such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption;
  - ii. no such shares shall be redeemed unless they are fully paid;
  - iii. the premium, if any, payable on redemption shall have been provided for out of the profits of the company or out of the Company's share premium account before the shares are redeemed;
  - iv. where any such shares are redeemed other wise than out of the proceeds of a fresh issue, there shall, out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the capital redemption reserve account", a sum equal to the nominal amount of the shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the capital redemption reserve account were paid up share capital of the Company.
- b) Subject to the provisions of Sections 80 and 80 A of the Act and subject to the provisions on which any shares may been issued, the redemption of preference shares may be effected on such terms and in such manner as may be provided in these Articles or by the terms and conditions of their issue and subject thereto in such manner as the Directors may think fit.
- c) The redemption of preference shares under these provisions by the Company shall not be taken as reducing the amount of its authorised Share Capital.
- d) Where in pursuance of this Article, the company has redeemed or is about to redeem any preference shares, it shall have power to issue shares upto the nominal mount of the shares redeemed or to be redeemed as if those shares had never been issued; and accordingly the Share Capital of the Company shall not, for the purpose of calculating the fees payable under Section 611 of the Act, be deemed to be increased by the issue of shares in pursuance of this clause.
- Provided that where any new shares are issued before the redemption of the old shares, the new shares shall not so far as relates to stamp duty be deemed to have been issued in pursuance of this clause unless the old shares are redeemed within one month after the issue of the new shares.
- (e) The Capital Redemption Reserve Account may, notwithstanding anything in this article, be applied by the company, in paying up unissued shares of the Company to be issued to members of the company as fully paid bonus shares.

Provision in case of 8.  
Redemption of  
preference shares

The Company shall be at liberty at any time, either at one time or from time to time as the Company shall think fit, by giving not less than six months' previous notice in writing to the holders of the preference shares to redeem at par the whole or part of the preference shares for the time being outstanding, by payment of the nominal amount thereof with dividend calculated upto the data or dates notified for payment (and for this purpose the dividend shall be deemed to accrue and due from day to day) and in the case of redemption of part of the preference shares the following provisions shall take effect :

- (a) The shares to be redeemed shall be determined by drawing of lots which the Company shall cause to be made at its registered office in the presence of one Director at least; and
- (b) Forthwith after every such drawing, the Company shall notify to the shareholders whose shares have been drawn for redemption its intention to redeem such shares by payment at the registered office of the Company at the time and on the date to be named against surrender of the Certificates in respect of the Shares to be redeemed and at the time and date so notified each such shareholder shall be bound to surrender to the Company the Share Certificates in respect of the Shares to be redeemed and thereupon the Company shall pay the amount payable to such shareholders in respect of such redemption. The shares to be redeemed shall cease to carry dividend from the date named for payment as aforesaid. Where any such certificate comprises any shares which have not been drawn for redemption, the Company shall issue to the holder thereof a fresh certificate therefore.
9. The Company may from time to time by special resolution, subject to confirmation by the court and subject to the provisions of Sections 78, 80 and 100 to 104 of the Act, reduce its share capital and any Capital Redemption Reserve Account or premium account in any manner for the time being authorised by law and in particular without prejudice to the generality of the foregoing power may be :
- (a) extinguishing or reducing the liability on any of its shares in respect of Share Capital not paid up;
- (b) either with or without extinguishing or reducing liability on any of its shares, cancel paid up share capital which is lost or is unrepresented by available assets; or
- (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid up share capital which is in excess of the wants of the Company and may if and so far as is necessary, alter its Memorandum, by reducing the amount of its share capital and of its shares accordingly.
10. Subject to the provisions of section 94 of the Act, the Company in general meeting may by an ordinary resolution alter the conditions of its Memorandum as follows that is to say it may:
- (a) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;
- (b) Sub divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the subdivision 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 and so that as between the holders of the shares resulting from such subdivision on or more of such shares may subject to the provisions of the Act, be given any preference or advantages over the others or any other such shares.
- (c) convert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination.
- (d) cancel shares which at the date of such general meeting 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 cancelled.
- Reduction of capital
- Division Sub-Division Consolidation, conversion and Cancellation of shares

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| Notice to Registrar of consolidation of Share Capital, Conversion of shares into stocks etc. | 11. | <p>If the Company has :</p> <ul style="list-style-type: none"> <li>(i) consolidated and divided its Share Capital into shares of largest amount than its existing shares;</li> <li>(ii) converted any shares into stock;</li> <li>(iii) reconverted any stock into shares;</li> <li>(iv) sub-divided its share or any of them;</li> <li>(v) redeemed any redeemable preference shares; or</li> <li>(vi) cancelled any shares otherwise than in connection with a reduction of Share Capital under Sections 100 to 104 of the Act.</li> </ul> |
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the Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stocks reconverted.

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| Modification of rights | 12. | The company shall thereupon request the Registrar to record the notice and made any alterations which may be necessary in the Company's Memorandum or Articles or both.   |
|                        | 13. | If at any time the sham capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the Shams of that class) may, subject to the provisions of Section 106 and 107 of the Act and whether or not the company is being wound up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the Shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted, Tire provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 102 is not present, those persons who are present shall be quorum. |

### SHARES AND CERTIFICATES

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| Issue of further shares not to effect right of existing share holders | 14. | The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking pari passu therewith.   |
| Provisions of Sections 85 to 88 of the Act to apply                   | 15. | The provisions of Sections 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.  |
| Register of Member and Debenture holders                              | 16. | <ul style="list-style-type: none"> <li>(a) The Company shall cause to be kept a Register of Members and an Index of Members in Accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.</li> <li>(b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filing of Annual Returns.</li> </ul> |

- (c) The Company shall duly Comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, copies of Annual Returns giving inspection thereof and furnishing copies thereof.
- Commencement of business 17. The Company shall comply with the provisions of Section 149 of the Act.
- Restriction on allotment 18. The Board shall observe the restriction as to allotment of shares to the public contained in Sections 69 and 70 of the Act and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.
- Shares to be numbered progressively and no shares to be subdivided 19. The shares in the Capital shall be numbered progressively according to the several denominations and except in the manner hereinbefore mentioned no share shall be subdivided, Ever forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.
- Shares at the disposal of the Directors 20. Subject to the provisions of Section 81 of the Act and these the Articles the shares in the Capital of the Company for the time being shall be under the central of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion an 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 time as they may from time to time think fit add with the sanction of the company in general meeting to give to any person the option to call for any shares either at par or at a premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part for any property sold and transferred or for services rendered to the company in the conduct of its business and any shares which may be so allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.  
Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in General Meeting.
- Every share transferable etc. 21. (i) The Shares or other interest of any member in the Company shall be a movable property transferable in the manner provided by the Articles.  
(ii) Each share in the Company shall be distinguished by its appropriate number.  
(iii) A Certificate under the Common seal of the Company, specifying any shares hold by any member shall be, prima facie, evidence of the title of the member of such shares.
- Application of premium received on issue of shares 22. (a) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account to be called "the share premium account" and the provisions of the, Act relating to the reduction of the Share Capital of the Company shall excepts as provided in this Article, apply as if the share premium account were paid-up share capital of the Company.  
(b) The share premium account, may, notwithstanding anything in clause (a) above, be applied by the Company.  
(i) in paying up unissued shares of the company to be issued to members of the company as fully paid bonus shares;  
(ii) in writing off the preliminary expenses of the Company;

- (iii) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; or
  - (iv) in providing for the premium payable on the redemption of any redeemable preference shares or of any debenture of the Company.
- Sale of fractional shares      23.      If and whenever, as the result of issue of new or further shares or any consolidation or sub-division of shares, any shares are held members in fractions, the Directors 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 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 Directors may authorise, any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he 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 in reference to the sale.
- Acceptance of Shares      24.      An application signed by or on behalf of an applicant for share in the Company, followed by an allotment 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 purpose of these Articles be a member. The Directors shall comply with the provisions of Sections 69, 70, 71, 72 and 73 of the Act in so far as they are applicable.
- Deposits and calls etc. to be a debt payable immediately      25.      The money (if any) which the Board shall, on the allotment of any share being made by them, require or direct to be paid by way of deposit, call or otherwise in respect of any shares allotted by them, immediately, in the insertion of the name of the allottee in the Register of Members as the name of 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.
- Trusts not recognized      26.      Save as herein provided, the Company shall be entitled to treat recognized 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 of equity or equitable, contingent, future, or partial or other claim or claims or right to or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof and the provisions of Section 153 of the Act shall apply.
- Issue of Certificates of Shares to be governed by Section 84 of the Act etc.      27. (a)      The issue of certificates of shares or of duplicate or renewal of certificates of Shares shall be governed by the provisions of Section 84 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any which may be prescribed or made by competent authority under the Act or Rules or my other law. The Directors may also comply with the provisions of such rules or regulations of any stock exchange where the shares of the Company may be listed for the time being.
- Certificate of Shares      (b)      The certificate of title to shares shall be issued under the Seal of the Company and shall be signed by such Directors or Officers or other authorised persons as may be prescribed by the Rules made under the Act from time to time and subject thereto shall be signed in such manner and by such persons as the Directors may determine from time to time.
- (c)      The Company shall comply with all rules and regulations and other directions which may be made by any competent authority under Section 84 of the Act.

Limitation of time of issue of certificate

28. (a) Every member shall be entitled, without payment to one or more certificates in marketable lots for the shares of each class or denomination registered in his name, or if the directors so approve (upon paying such fee as the Directors may time to time determine) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve, provided that in respect of share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of share to one or several joint holders shall be a sufficient delivery to all such holders.

(b) The Company shall not entertain any application for split of share/debenture certificate for less than 10 shares/debentures (all relating to the same series) in marks lots as the case may be.

Provided however this restriction shall not apply to in application made by the existing member or debenture holder for split of sham/debenture certificates with a view to make an odd lot holding into a marketable lot subject to verification by the Company.

(c) Notwithstanding anything contained in clause (a) above the Directors shall, however, comply with such requirements of the Stock Exchange where Shares of the Company may be listed or such requirements of any law made under the Act or such requirements of the Securities Contract (Regulation) Act, 1956 as may be applicable.

Issue of new certificate in place of one defaced lost or destroyed

29. If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any Certificate be lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under this Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs. 2/- for each Certificate) as the Directors shall prescribe provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer. Out of pocket expenses incurred by the Company in investigating the evidence as to the loss or destruction shall be paid to the Company if demanded by the Directors.

Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any stock Exchange or the Rules made under the Act or the Rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

30. The provisions of the Article under this heading shall mutatis mutandis apply to debentures of the Company.

## CALLS

Directors may make calls	32.	The Directors may from time to time and subject to Section 91 of the Act and subject to the terms on which any shares/debentures may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board (and not by circular resolution) made such calls as they think fit upon the members/debenture holders in respect of all moneys unpaid on the shares/debentures held by them respectively and each member/debenture holders shall pay amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments. A call may be postponed or revoked as the Board may determine.
Calls to date from resolution	33.	A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed and may be made payable by members/debenture holders on a subsequent date to be specified by the Directors.
Notice of call	34.	Thirty days notice in writing shall be given by the Company of every calls made payable otherwise than on allotment specifying the time of payment of such call, the Directors may by notice in writing to the members/debenture holders revoke the same.
Directors may extend time	35.	The Directors may, from time to time, at their discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the members/debenture holders who from residence at distance or other cause, the Directors may deem fairly entitled to such extension, but no member / debenture holder shall be entitled to such extension, save as a matter of grace and favour.
Sums deemed to be calls	36.	any sum, which by the terms of issue of a sharp/debenture becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share/debenture or by way of premium, shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.
Installments on shares to be duly paid	37.	If by the condition of allotment of any shares the whole or part of the amount of issue price thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being and from time to time, shall be the registered holder of the share or his legal representative.
Calls on shares of the same class to be made on uniform basis	38.	Where any call for further Share Capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class.  Explanation : For the purpose of this provision, shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.
Liability of joint holders of shares	39.	the joint holders of a share shall be severally as well as jointly liable for the payment of all installment and calls due in respect of such shares.
When interest on call or installment payable	40.	If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof or any such extension thereof, the holder for the time being or allottee, of the share in respect of which a call shall have been made or the installment shall be due, shall pay interest as shall be fixed by the Board from the day appointed for the payment thereof or any such extension thereof to time of actual

payment but the Directors may waive payment of such interest wholly or in part.

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| Partial payment not to preclude forfeiture           | 41.     | Neither a judgment nor a decree in favour of the Company for calls or other moneys 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 forfeiture of such shares as herein provided.   |
| Proof on trial of suits for money due on shares      | 42.     | On the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of any shares if shall be sufficient to prove that the name of the member in respect of whose shares the money is sought to be recovered appears in the Register of members as the holder or one of the holders 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 such money is sought to be recovered, and that the resolution making the call is duly recorded in the Minutes 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 calls nor that a quorum of directors was present at the Board at which any call was made, nor that the meeting at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt. |
| Payment in anticipation of calls many carry interest | 43. (a) | The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, to the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividends. The Directors may at any time repay the amount so advanced.   |
|  | (b)     | The member shall not however be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.  |
|  | 44      | The provisions of these articles shall mutatis mutandis apply to the calls on debentures of the Company.  |

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| Company's lien on Shares / Debentures | 45. | the Company shall have first and paramount lien upon all the shares/debentures (other than fully paid up shares/debentures) registered in the name of each member/debenture-holder (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share/debenture shall be created except upon the footing and condition that Article 26 hereof will have full effect. And such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any on such shares/debentures. The Directors may at any time declare any share/debentures, wholly or in part to be exempt from the provisions of this Clause. |
|                                       | 46. | For the purpose of enforcing such lien, the Board may sell the shares/debentures subject thereto in such manner as they shall think fit, and for that purpose may cause to be   |

issued a duplicate certificate in respect of such shares and/or debentures and may authorise one of their member or appoint any officer or agent to execute a transfer thereof on behalf of and in the name of such member/debenture-holder. No sell shall be made until such period, as may be stipulated by the Board from time to time, and until notice in writing of the intention to sell shall have been served on such member and/or debenture holder or his legal representatives and default shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after such notice.

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| Application of proceeds of sale             | 47.(a) | The net proceeds of any such shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares and/or debentures at the date of the sale.  |
| Outsiders lien not to affect Company's lien | (b)    | The Company shall be entitled to treat the registered holder of any shares or debenture as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or by statute require) be bound to recognise equitable or other claim to, or interest in, such shares or debentures on the part of any other person. The Company's lien shall prevail notwithstanding that it has received notice of any such claims. |

#### FORFEITURE

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| If call or installment not paid notice must be given       | 48.(a) | If any member or Debenture holder fails to pay the whole or any part of any call or installment or any money due in respect of any share or debentures either by way of principal or interest on or same or any such extension thereof as foresaid, the Directors may at any time thereafter, during such time as the call or any installment or any part thereof or other moneys remain unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or debenture-holder or on the person (if any) entitled to the share by transmission requiring him to pay such call or installment or such part thereof or other moneys as remains unpaid 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.  |
| Form of Notice   | (b)    | The notice shall name a day not being less than 14 (fourteen) days from the date of the notice and a place or places, on and at which such call, or installment or such part or other moneys as aforesaid and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non payment of call amount with interest at or before the time and at the place appointed, the shares or debentures in respect of which the call was made or installment or such part or other moneys is or are payable will be liable to be forfeited.  |
| In default of payment shares or debentures to be forfeited | 49.    | If the requirements of any such notice as aforesaid are not complied with any share/debenture in respect of which such notice has been given, may at any time thereafter before payment of all calls or installments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Directors to that effect. Neither the receipt by the company of a portion of any money which shall from time to time be due from any member of the company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the company, in respect of the payment of any such money, shall preclude the company from thereafter proceeding to enforce a forfeiture of such shares as herein provided. Such forfeiture shall include all dividends declared or interest paid or any other moneys payable in respect of the forfeited shares or debentures and not actually paid before the forfeiture. |
| Entry of for feature in Register of                        | 50.    | When any shares/debentures shall have been so forfeited, notice of the forfeiture shall be given to the member or debenture-holder in whose name it stand immediately prior   |

members / debenture holders		to the forfeiture and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of members or debenture holders but no forfeiture shall be invalidated by any omission or neglect or any failure to give such notice or make such entry as aforesaid.
Forfeited Share / debenture to be property of Company and may be sold	51.	Any share or debenture so forfeited shall be deemed to be the property of the Company, and may be sold, re-allotted or otherwise disposed of either to the original holder or to any other person upon such terms and in such manner as the Directors shall think fit.
Power to annual forfeiture	52.	The Directors may, at any time, before any share or debenture so forfeited shall have been sold, re-allotted or otherwise disposed of, annual forfeiture thereof upon such condition as they think fit.
Share Holders or Debenture holders still liable to pay money owing at time of forfeiture and interest	53.	Any member or debenture-holder whose shares or debentures have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, installments, interest expenses and other money owing upon or in respect of such shares or debentures at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Directors may determine, and the Directors may enforce the payment of whole or a portion thereof, if they think fit, but shall not be under any obligation to do so.
Effect of forfeited	54.	The forfeiture of a share or debenture shall involve extinction at the time of forfeiture, of all interest in and all claims and demands against the Company, in respect of the share or debenture and all other rights incidental to the share or debenture, except only such of those rights as by these Articles are expressly saved.
Certificate of forfeiture	55.	A Certificate in writing under the hand of one Director and counter signed by the Secretary or any other Officer authorized by the Director for the purpose, that the call in respect of share or debenture was made and notice thereof given and that default in payment of the call was made and that the forfeiture of the share or debenture was made by a resolution of Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share or debenture.
Validity of sales under articles 46 and 51	56.	Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given, the Directors may, if necessary, appoint some person to execute an instrument of transfer of the shares or debentures sold and cause the purchaser's name to be entered in the Register of members or Register of debenture-holders in respect of the shares or debentures sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money and after his name has been entered in the Register of members or debenture-holders in respect of such shares or debenture the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be for damaged only and against the Company exclusively.
Cancellation of Share / Debenture Certificate in respect of forfeited shares / debentures	57.	Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate/s originally issued in respect of the relative shares or debentures shall (unless the same shall on demand by the Company has been previously surrendered to it by the defaulting member or debenture-holder) stand canceled and become null and void and be of no effect, and the directors shall be entitled to issue a duplicate certificate/s in respect of the said share or debentures to the person/s entitled thereto.
Title of purchaser and allottee of  Forfeited Shares / Debentures	58.	The Company may receive the consideration, if any, given for the share or debenture on any sale, re-allotment or other disposition thereof, and the person from whom such share or debenture is sold, re-allotted or disposed of may be registered as the holder of the share or debenture and shall not be bound to see to the application of the consideration, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, reallotment or other disposal of the share or debenture.

- Surrender of Shares or Debentures 59. The Directors may, subject to the provisions of the Act, accept a surrender of any share or debenture form or by any member or debenture holder desirous of surrendering them on such terms as they think fit.
- Register of transfers 60. **TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES**  
The Company shall keep a book to be called the “Register of Transfer” and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.
- Shares to be transferred by an instrument in writing 61. The instrument of transfer shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.
- Instrument of transfer to be executed by transferor and transferee 62. Every such instrument of transfer shall be executed both by the transfer and transferee and the transferor shall be deemed to remain a holder of such share until the name of the transferee is entered in the Register of Member in respect thereof.
63. a) Notwithstanding anything contained in this Articles, the Company shall be entitled to dematerialize its existing Shares and other securities, rematerialize its shares and other securities held with depositories and /or offer its fresh shares and securities in a dematerialized form pursuant to the Depositories Act,1996 and the rules framed there under and on the same being done the company shall further be entitled to maintain a register of members with the details of members holding shares both in material and dematerialized form in any media as permitted by law including any form of electronic media either in respect of existing shares or any future issue and transfer or transmission of any shares or other securities held in material or dematerialized form.
- b) The Shares and other securities of the Company which are held in dematerialized form shall not be progressively numbered and provisions relating to the progressive numbering shall not apply to the shares or other securities of the Company which are dematerialized in future or issued in dematerialized form and no certificates be issued in respect of the shares issued/held in dematerialized form with any depositories.
- c) Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as beneficial owner of the Shares/Securities in the records of the depositories as the absolute owner thereof as regards the receipt of dividends or bonus or service of notice and all or any other matter connected with the Company and accordingly the Company shall not (except as ordered by Court of Competent jurisdiction or by law as required ) be bound to recognize any benami trust or equity or equitable, contingent or other claims to or interest in such shares/securities on the part of any other person whether or not itself have expressed or implied notice thereof.
- d) In the case of transfer or transmission of securities held by beneficial owners with depositories, the provisions relating to the normal transfer or transmission of securities in respect of the securities held in the physical mode shall not apply to the transfer or transfer of securities effected by the transferor and the transferee both of whom are entered as beneficial owners in the record of the depository. In case of transfer or transmission of shares or other marketable securities where the Company has not issued any certificates in respect thereof and where or securities are being held in electronic and fungible form with a Depository, the provision of the Depositories Act, 1996 apply.

Closure of Register	64.	The Company may on giving seven day's notice by advertisement in some newspaper circulating in the City of Vadodara close the Register of Members for any time or times not exceeding in the whole 45 days in each year and not exceeding 30 days at a time.
Board may refuse to register transfer without assigning any reason	65.	Subject to the provisions of Section 111A, these Articles and other applicable provisions of the Act or any other law for the time being in force, the Board may refuse whether in pursuance of any power of the Company under these Articles or otherwise to register the transfer of, or the transmission by operation of law of the right to, any shares or interest of a Member in or debentures of the Company. The Company shall within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to 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, giving reasons for such refusal. Provided that the 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 where the Company has a lien on shares.
	65 A	No Fee shall be charged for registration of transfer, transmission, probate, succession certificate and Letters of administration, certificate of Death or Marriage, Power of Attorney or similar other document.
No fee on transfer or transmission		
Board may refuse transmission	66.	The Board shall have the same right to decline to register a person entitled for transmission to any shares or his nominees, as if he were the transferee named in on ordinary transfer presented for registration.
Articles 65 & 66 apply in case of debentures.	67.	The provision of articles 65 and 66 dealing with Board's power to decline to register the transfer and transmission of shares shall also apply in case of debentures.
Death of one or more share holders	68.	In the case of death of any one or more of the persons named in the Register as joint holders at any share, the survivor or survivors shall be the only person as recognized by the Company as having any title to or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.
Registration of persons entitled to share otherwise than by transfer.	68. (a)	<ol style="list-style-type: none"> <li>1. Every shareholder, debenture holder or depositor of the Company, may at any time, nominate, in the prescribed manner, a person to whom his shares, debentures or deposits of the Company shall vest in the event of his death.</li> <li>2. Where the shares, debenture or deposits of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares, debentures or the deposits of the Company as the case may be, shall vest in the event of death of all the joint holders.</li> <li>3. Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, debentures, or deposits of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares in, debentures or deposits of the Company, the nominee shall, on death of the shareholder, debenture holder or deposit holder, as the case may be or on the death of the joint holders, become entitled to all the rights in such shares, debentures or deposits, as the case may be to the exclusion of all</li> </ol>

other persons, unless the nomination varied, cancelled in the prescribed manner.

4. Where the nominee is a minor, it shall be lawful for the holder of the shares, debentures or deposits, to make the nomination to appoint, in the prescribed manner, any person to become entitled in the event of his death, during the minority.
- 68(b) A nominee, upon production of such evidence as may be required by the Board and subject to as hereinafter provided, elect, either.’
- i. to be registered himself as holder of the share (s) or debenture (s), as the case may be: or
  - ii. to make such transfer of the share(s), or debenture (s), as the case may be, as the deceased shareholder or debenture holder could have made;
  - iii. if the nominee elects to be registered as holder of the share (s) or debenture(s), himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased share(s) holder as the case may be; or
  - iv. A nominee shall be entitled to the same dividends and other advantages to which he would be entitled, if he were the registered holder of the Share(s) or debenture(s) except that he shall not, before being registered as the member in respect of his share(s) or debenture(s), be entitled in respect of it to exercise as right conferred by membership in relation to meeting of the Company.

Provided further that the Board may, at any time give notice requiring any such person to elect either to be registered himself or to transfer the share(s) or debenture(s), and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share(s) or debenture(s), until the requirements of the notice have been complied with.’

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| Title to shares   | 69. The executors or administration of a deceased shareholder, not being one of the several joint shareholders, shall be the only person recognized by the Company as having any title to his shares and the Company shall not be bound to recognize such executors or administrators unless such executor or administrator shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in India, provided that in any case when the Board in their absolute discretion think fit the Board may dispense with production of Probate, Letters of Administration or Succession Certificate and under the next Articles register the name of any person who claims to be absolutely entitled to the share standing in the name of a deceased shareholder. |
| Registration of persons entitled to share otherwise than by transfer. | 70. Any person interested in a share in consequence of the death, bankruptcy or insolvency of any shareholder, or by any lawful means other than by a transfer in accordance with these presents, upon producing evidence that he sustain the character in respect of which he proposes to act under this clause, or of his title, may with the consent of the Board (which they shall not be under any obligation to give) and giving such indemnity as the Board think sufficient, either be registered himself as the holder of the share or may elect to have some persons nominated by him, and approved by the Board, registered as such holder; provided nevertheless that if he shall testify the election by executing to his nominee an instrument of transfer of the share, in accordance with                            |

provisions herein contained and until he does so, he shall not be free from any liability in respect of the share.

Rights and obligations of persons entitled to share otherwise than by transfer	71.	<p>A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meeting of the Company;</p> <p>Provided that the Board may at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the shares, until the requirements of the notice have been complied with.</p>
Transfer to be presented with evidence of title.	72.	<p>The instrument of transfer shall be presented to the Company together with such evidence as the Board may require to prove the title of transferor and generally under and subject to such conditions and regulation as the Board shall from time to time prescribe, and every registered instrument of transfer shall remain permanently in the custody of the Company.</p>
Board may require evidence of transmission	73.	<p>Every transmission of a share shall be verified in such manner as the Company may require and the Company may refuse to register any such transmission until the same be so verified and the regulations of the Company be complied with.</p>
The board may refuse transmission for want of evidence	74.	<p>The Board may decline to recognize any transmission of any share unless the application for transmission is accompanied by the certificates of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right to transmission.</p>
The board may refuse transfer for want of evidence of title etc.	75.	<p>The Board may also decline to recognize any instrument to transfer unless:</p> <ul style="list-style-type: none"> <li>a) The instrument is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;</li> <li>b) the instrument of transfer is in respect of only class of shares; and</li> <li>c) the instrument of transfer is duly stamped;</li> <li>d) the instrument of transfer is in accordance with Article No.61</li> </ul>
The Company not liable for disregard of a notice prohibiting registration of a transfer	76	<p>The Company shall incur no responsibility whatever in consequence of their registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Member) to the prejudice of persons having or claiming any equitable right title or interest to or in the same shares, notwithstanding that the Company may have had 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 or give effect to any notice which may be given to it of any equitable right, title, or interest or be under any liability what so ever for refusing or neglecting so to do, though it may have been entered or referred to, in some book to the Company, but the Company shall nevertheless be at liberty to have regard and attend to any such notice, and give effect thereto, if the Company shall thin fit.</p>

Copies of the Memorandum and Articles of Association etc. to be furnished. 77 Copies of the Memorandum of Association and of Articles of Association and of these presents and other agreements and resolutions referred to in Sections 39 and 192 of the Act, shall be furnished by the Company to every shareholder at his request on payment of one rupee for each copy.

#### JOINT HOLDERS

Joint-Holders 78 Where two or more persons are registered as the holders of any share/debentures, they shall be deemed (so far as the Company is concerned) to hold the same as joint tenants with benefits of survivorship subject to the following and other provisions contained in these Articles.

No transfer to more than four persons as joint holders (a) The joint holders of any share/debenture shall be liable severally four persons as the holders of any share/debenture.

Transfer by joint holders. (b) In the Case of a transfer of shares/debentures held by joint holder, the transfer will be effective only if it is made by all the joint holders.

Liability of Joint-holders (c) The joint holders of any shares / debentures shall be liable severally as well as jointly for and in respect of all calls or installments and other payments which ought to be made in respect of such share / debenture.

Receipt of one sufficient (e) Any one of such joint holders may give effectual receipts of any dividends, interests or other moneys payable in respect of such share/debenture.

Delivery of certificate and giving of notice to first named holder (f) Only the person whose name stands first in the Register of Members/debenture-holders as one of the joint holder of any shares/debentures shall be entitled to the delivery of the certificate relating to such share/debenture or to receive notice (which expression shall be deemed to include all documents as defined in Article (2) (a) hereof and any document served on or sent to such person shall be deemed service on all the joint holders.

Vote of joint holder (g) (i) Any one of 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 in respect of such share shall alone be entitled to vote in respect thereof but the other or 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.

(ii) Several executors or administrators of a deceased member in whose (deceased member) sole name any share stands shall for the purpose of this clause be deemed joint holders.

#### BORROWING POWERS

Restrictions on powers of the Board 79. The Board of Directors shall not, except with the consent of the Company in general meeting and subject to Article 172 of the Company.

- (a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.
- (b) remit, or give time for the repayment of any debt due by a Director.
- (c) invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition, alter the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it can not be carried on or can be carried on only with difficulty or only after a considerable time.
- (d) borrow monies where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose.
- (e) contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

**EXPLANATION :** Every resolution passed by the Company in general meeting in relation to the exercise of the power referred to in clause (d) or in clause W shall specify the total amount upto which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (a).

Conditions on which money may be borrowed	80. The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable, debenture or debenture-stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
Bonds, debentures etc. to be subject to control of directors	81. Any bonds, debentures, debenture-stocks or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.  Provided that bonds, debentures, debenture-stock or other securities so issued or to be issued by the Company with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting by a special resolution.
Securities may be assignable free from equities	82. Debenture, debenture stocks, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
Issue at discount etc. or with special privileges	83. Any bonds, debenture stocks or other securities may be issued, subject to the provisions of the Act, at a discount premium or otherwise and with any special privileges as to redemption, surrender, drawings, appointment of Directors as otherwise and subject to the following :

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| Debentures with voting rights not to be issued | <ul style="list-style-type: none"> <li>(a) The Company shall not issue any debentures carrying voting rights at any meeting of the Company whether generally or in respect of particular classes of business.</li> <li>(b) The Company shall have' power to reissue redeemed debentures in certain cases in accordance with Section 121 of the Act.</li> <li>(c) Payments of certain debts out of assets subject to floating charge in priority to claims under the charge may be made in accordance with the provisions of Section 123 of the Act.</li> <li>(d) Certain charges mentioned in Section 125 of the Act shall be void against the liquidators or creditors unless registered as provided in section 125 of the Act.</li> <li>(e) The term 'charge' shall include mortgage in these Articles.</li> <li>(f) A contract with the Company to take up and pay for any debentures of the Company may be enforced by a decree for specific performance.</li> </ul> |
| Limitation of time for issue of certificate    | <ul style="list-style-type: none"> <li>(g) The Company shall, within three months after the allotment of any of its debentures or debenture stock, and within one month after the application for the registration of the transfer I any such debentures or debenture-stocks have complete and have ready for delivery the Certificate of all the debentures and the Certificates of all debentures stocks allotted or transferred unless the conditions of issue of the debentures or debenture stocks otherwise provide.</li> </ul>  |

The expression 'transfer' for the purpose of this clause means a transfer duly stamped and otherwise valid and does not include any transfer which the Company is for any mason entitled to refuse to register and does not register.

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| Right to obtain copies of and inspect Trust Deed | <ul style="list-style-type: none"> <li>(h) <ul style="list-style-type: none"> <li>i. A copy of any Trust Deed for securing any issue of debentures shall be forwarded to the holder of any such debentures or any member of the Company at his request and within seven days of the making thereof art payment.</li> </ul> </li> </ul>  |
|  | <ul style="list-style-type: none"> <li>(1) In the case of printed Trust Deed of the sum of Rupee One and</li> <li>(2) In the case of the Trust Deed which has not been printed of thirty seven poise for every one hundred words or fractional part thereof required to be copied.</li> <li>(ii) The Trust Deed referred to in item (i) above also be open to inspection by any member or debenture-holder of the Company in the same manner, to the same extent, and on payment of the same fees, as if it were the Register of members of the Company.</li> </ul> |

Mortgage of uncalled capital	84. If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall, subject to the provisions of the Act, and these Articles, make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.
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Indemnity may be given	85. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid form any loss in respect of such liability.
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| Registration of charges | <ul style="list-style-type: none"> <li>86.(a) The provisions of the Act relating to registrations of charges shall be complied with.</li> <li>(b) In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 125 of the Act shall also be complied with.</li> </ul> |
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- (c) Where a charge is create in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 125 of the Act or a copy thereof verified in the prescribed manner may be filed for registration, notwithstanding that further proceeding may be necessary to make the charge valid or effectual according to the law of the country in which the property is situate, as provided by Section 125 of the Act.
  - (d) Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered any person acquiring such property or any part thereof or any share or interest therein shall be deemed to have notice of the Charge as from the date of such registration.
  - (e) In respect of registration of charges on properties acquired subject to charge, the provisions of section 127 of the Act shall be complied with.
  - (f) The Company shall comply with the provisions of Section 128 of the Act relating to particulars in case of series of debentures entitling holders pari passu.
  - (g) The Company shall comply with the provisions of Section 129 of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or indirectly in connection with the debentures.
  - (h) The provisions of Section 133 of the Act as to endorsement of Certificate of registration on debenture or Certificate of debenture stock shall be complied with by he Company.
  - (i) The Company shall comply with the provisions of Section 134 of the Act as regards registration of particulars of every charge and of every series of debentures.
  - (j) As to modification of charges the Company shall comply with the provisions of Section 135 of the Act.
  - (k) The Company shall comply with the provisions of Section 136 of the Act regarding keeping a copy of instrument creating charge at the registered office of the Company and comply with the provisions of Section 137 of the Act in regard to entering in the register of charges any appointment of Receiver or Manager as therein provided.
  - (l) The Company shall also comply with the provisions of section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.
  - (m) The company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the Company giving in each case :
    - (i) a short description of the property charged;
    - (ii) the amount of the charge; and
    - (iii) except in the case of securities to bearer, the names of persons entitled to the charge.
  - (n) Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act.
- Trust not recognized
87. No notice of any trust, express or implied or constructive, shall be entered on the Register of Debenture-holders.

### THE SECRETARY

Secretary	176.	Subject to the provisions of Section 383A of the Act, the Directors may, from time to time, appoint and, at their discretion remove any individual (hereinafter called 'the Secretary') who shall have such qualifications as the authority under the Act may prescribe to perform any functions, which by the Act or these Articles are to be performed, by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Director. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.
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### DIVIDENDS

Division of profits	179.	The profits of the Company subject to any special rights relating thereto created or authorised to be created by these presents all be divisible among the members in proportion to the amount of Capital paid up or credited as paid up on the shares held by them respectively.
Dividend payable to registered holder	180.	No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.
Time for payment of dividend	181.	Where a dividend has been declared by the Company it shall be paid within the period provided in Section 207 of the Act.
Capital paid up in advance and interest not to earn dividend	182.	Where the Capital is paid up in advance of calls upon the footing that the same shall carry interest, such Capital shall not, whilst carrying interest confer a right to dividend or to participate in profits.
Dividends in proportion to amount paid up	183. (a)	The Company shall pay dividends in proportion to the amounts paid up or credited as paid up on each share, when a larger amount is paid up or credited as paid up on some shares than on others. Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.
	(b)	Provided always that any Capital paid up on a share during the period in respect of which a dividend is declared, shall, unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share.
Company in General Meeting may declare dividends	184.	The Company in general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.
Power of Directors to limit dividends	185.	No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend.
Dividends only to be paid out of profits	186.	No dividend shall be declared or paid by the company otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or a State Government for the payment of dividend in pursuance of the guarantee given by that Government provided that:

- (a) If the company has not provided for depreciation for any previous financial year or years, it shall before declaring paying a dividend for any financial year, provide for such depreciation out of the profits of that financial year or out of the profits of any other previous financial year or years;
- (b) If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company of the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing' for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the act or such higher percentage of its profits as may be allowed in accordance with that Section.

Nothing contained in this article shall be deemed to affect in any manner the operation of Section 208 of the Act.

Director declaration as to net profits conclusive	187	The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.
Interim Dividends	188.	The Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.
Retention of Dividend until completion of transfer under Article	189.	The Directors may retain the Dividends payable upon shares in respect of which any person is under the transmission clause of these articles entitled to become a member or which any person that clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.
No member to receive Dividend whilst indebted to the Company's right to reimbursement there from	190.	Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share(s) whilst any money may be due or owing from him to the Company in respect of such share(s) or debenture(s) or otherwise however either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of moneys so due from him to the Company.
Transferred shares must be registered	191.	A transfer of shares shall not pass the right to any dividend must be registered declared thereon before the registration of the transfer.
Dividend how remitted	192.	Unless otherwise directed any dividend may be paid by cheque or warrant or a pay-slip or receipt having the force of a cheque for warrant sent through ordinary post to the registered address of the member or person entitle or in the case of joint holders to that one of them first named in the Register of members in respect of the joint holding. Every such cheque or warrant so sent shall be made payable to the registered holder of shares or to his order or to his bankers. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost, to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.
Unpaid or Unclaimed	193.(a)	Where the Company has declared dividend but which has not been paid or claimed within 30 days from the date of declaration, transfer the total amount of dividend which

Dividend		remains unpaid or unclaimed within the said period of 30 days, to a special account to be opened by the Company in that behalf in any scheduled bank, to be called “Elysium Pharmaceuticals Ltd. - Unpaid Dividend Account”.
	(b)	The Company shall transfer any money transferred to the unpaid dividend account of the company that remains unpaid or unclaimed for period of seven years from the date of such transfer, to the Fund known as “Investor Education and Protection Fund” established under section 205 C of the Act.
	(c)	The Board shall forfeit no unclaimed or unpaid dividend.
Dividend and call Together	194.	Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.
Dividend to be payable in cash	195.	No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.
Special provision in reference to dividend	196.	Subject to the provisions of Section 205 of the Act and if and in so far as may not be prohibited by that section or any of the provisions of the Act, any general meeting sanctioning or declaring a dividend in terms of these Articles may direct payment of such dividend wholly or in part, by the distribution of partly or fully paid up shares, and the Directors shall give effect to such direction and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient, and in particular may issue fractional certificates or that fractions of less value than Rupee one may be disregarded, in order to adjust the rights of the parties and may vest any such shares, in trustees upon such trusts for the person entitled to the dividend as may seem expedient to the directors, where required the Directors shall comply with section 75 of the Act and the Directors may appoint any person so sign any contract thereby required on behalf of the persons entitled to the dividend and such appointment shall be effective.

#### WINDING UP

Distribution of Assets	220.(a)	Subject to the provisions of the Act, if the Company shall be wound up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so 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 winding up, on the shares held by them respectively. And if in winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up the excess shall be distributed amongst the members in proportion to the Capital at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.
	(b)	But this clause will not prejudice the right of the holders of shares issued upon special terms and conditions.
	221.	Subject to the provisions of the Act :
Distribution in Specie or kind	(a)	If the company shall be wound up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the act,

divide amongst the contributories, in specie or kind the whole or any part of the assets of the Company, and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit.

- (b) If thought expedient, any such division may subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right, if any to decent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.
- (c) In case any shares to be divided as aforesaid involves a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

Rights of share holders in case of sale

222. subject to the provisions of the Act a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent if any, if such right be given by the Act.

#### SECURITY CLAUSE

- 223.(a) Every Director, Manager, Auditor, Treasurer, Trustee, Member or a Committee, Officer, Servant, agent, accountant or other person employed in the business of the Company shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters 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 Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these present contained.
- (b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading, or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

#### INDEMNITY AND RESPONSIBILITY

Directors and others rights to indemnity

- 224.(a) Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Wholtime Director, Manager, Secretary and other Officer or employee of the company shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company, to pay all costs~ losses and expenses (including traveling expense) which such Director, Manager, Secretary and Officer or employee

may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary, Officer or Servant or in any way in the discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.

- (b) Subject as aforesaid, every Director, Managing Director, Manager, Secretary or other officer and employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgment is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.

Directors and other officers not responsible for the acts of others

225.

Subject to the provisions of Section 201 of the Act, no Director, Managing Director, Wholetime Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, company or corporation, within whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by my error of judgment or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of the office or in relation thereto, unless the same happens through his own dishonesty.

## **SECTION IX. OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following Contracts ( not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Prospectus ) which are or may be deemed material have been entered or to be entered into by the Company.

These Contracts, copies of which have been attached to the copy of this Draft Prospectus, delivered to the Registrar of Company, C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai-400078, for registration and also the documents for inspection referred to hereunder, may be inspected at the corporate office of the Company situated at **Plot No. 1175, P.O. Dabhasa, Taluka Padra, District: Vadodara-391440** from 10.00 am to 4.00 pm on working days from the date of this Draft Prospectus until the Issue Closing Date.

#### **Material Contracts**

1. Memorandum of Understanding dated 24 07 2007 between the Company and Canara Bank, the Lead Manager
2. Memorandum of Understanding dated 24 07 2007 between the Company and Allbank Finance Ltd ,the Lead Manager
3. Memorandum of Understanding dated 29 06 2006 between the Company and the Registrar to the Issue.
4. Tripartite Agreement dated 2<sup>nd</sup> September, 2006 between The company, Intime Spectrum Registry Ltd., the Registrar and NSDL.
5. Tripartite Agreement dated 12<sup>th</sup> September, 2006 between The company, Intime Spectrum Registry Ltd., the Registrar and CDSL.
6. MOU dated 17 07 2007 between The Company and M/s B Mehtalia Consultants Private Limited Mumbai
7. Due Diligence Report M/s S R Legal, dated 22 09 2007, Legal Advisors to the Issue

#### **Material Documents**

1. The Company's Memorandum and Articles of Association as amended from time to time.
2. The Company's certification of incorporation dated 11<sup>h</sup> January 1995.
3. Certificate of commencement of business dated 25<sup>h</sup> January 1995
4. Resolutions passed at the Extra Ordinary General Meeting of the Company dated on 30<sup>th</sup> JULY 2007 for the issue.
5. Resolution passed by the Board at their meeting held on 23 07 2007 approving the Issue
6. Report of the statutory auditor, dated 29.08.2007 for Unconsolidated Summary Restated Financial Statements for years ended March 31, 2007, 2006, 2005, 2004 and, 2003 and the Consolidated Restated Financial Statements for the years ended March 31, 2007, 2006, 2005, 2004, and 2003, prepared as per Indian GAAP and mentioned in this Draft Prospectus.
7. Copies of annual reports of the Company for the years ended March 31, 2007, 2006, 2005, 2004, and 2003 and for its Subsidiaries.
8. Consent of the Statutory Auditors dated 29 08 2007 for inclusion of their report on accounts in the form and context in which they appear in this Draft Prospectus.

9. Consents of Bankers to the Company, Lead Manager, Registrar to the Issue, Banker to the Issue, Legal Counsel, Directors of the Company, Company Secretary and Compliance Officer, Rating Agency, Monitoring Agency, as referred to, in their respective capacities.
10. Letter dated 21 05.2007] from the Auditors of the Company confirming Tax Benefits as mentioned in Draft Prospectus.
11. In-principle listing approval dated [•] received from BSE ;
12. Due diligence certificate dated 24 09 2007 submitted by Canara Bank and Allbank Finance Ltd to SEBI
13. SEBI Observation Letter dated [•]

Any of the contracts or documents mentioned in this Draft Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the Shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

**SECTION X. DECLARATION**

This is to confirm that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this Draft Prospectus shall contravene any of the provisions of the Companies Act, 1956 and rules made there under. All the legal requirements connected with this 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.

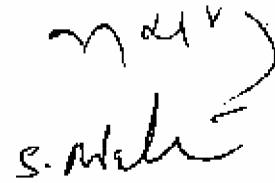
We the Directors of Elysium Pharmaceuticals Limited hereby declare and confirm that no information /material likely to have a bearing on the decision of the investor in respect of the Equity Shares issued in terms of this Draft Prospectus have been suppressed / withheld and / or incorporated in a manner that would amount to misstatement / misrepresentation.

**SIGNED BY ALL THE DIRECTORS**

**Mr. Yashwant Chunibhai Patel**  
Chairman



**Mr. Navnitkant Ambalal Patel**  
Director



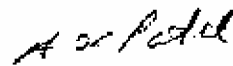
**Mrs. Suhasini Rajnikant Patel**  
Director



**Mr. Vithal S. Patel**  
Director



**Dr. Mukund L. Abhyankar**  
Director



**Ashok Kumar V Patel**  
Director



**Mr. C Radhakrishnan**  
Company Secretary



**Mr. Arun Vyas**  
Chief Financial Officer

**Place: Vadodara**  
**Date :24th September 2007**

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