



SUVEN PHARMACEUTICALS LIMITED

Regd. Office : Road No.2, Banjara Hills, Hyderabad - 500 033. Ph : 247398. Fax : 247929.
 Works : Dasaigudem, Suryapet, Nalgonda Dist.

PUBLIC ISSUE OF 9,80,000 EQUITY SHARES OF RS. 10/- FOR CASH AGGREGATING TO RS. 490.00 LAKHS, COMPRISING 1,65,000 EQUITY SHARES AT A PREMIUM OF RS.40/- PER SHARE TO NRI'S/OCB'S ON A FIRM BASIS AND 8,15,000 EQUITY SHARES AT A PREMIUM OF RS. 40/- PER SHARE TO THE RESIDENT INDIAN PUBLIC AND EMPLOYEES OF THE COMPANY.

ISSUE HIGHLIGHTS

1. Existing profit making and dividend paying company.
2. Promoters have more than a decade's experience in domestic and international pharmaceutical business.
3. Project to manufacture bulk drugs and intermediates namely Guanine, Theobromine, Cyano Acetic Acid, Ethyl/Methyl Cyano Acetates. Guanine and Theobromine are being produced for the first time in India, developed through inhouse R&D and are import substitutes and also have good market for export.
4. Net foreign exchange earner with exports constituting 48% of the turn over for the year ended 31/12/1994.
5. The Company has currently Rs.253 lakhs worth of firm orders on hand from Hoechst A.G., Germany, Poly Organix, Inc. USA and D & O Chemicals Inc., Switzerland. It has already exported Rs.105 lakhs worth of intermediates in the last 3 months.
6. The Company has been selected by EXIM Bank for ISO 9000 Certification.

RISK FACTORS

INTERNAL

1. The profitability projections are based on Company's own estimates.
2. For the purpose of the Public Issue the project has not been appraised by any Bank or Financial Institution and deployment of funds is entirely left to the discretion of the Company.
3. Clearance is yet to be received from the Andhra Pradesh Pollution Control Board for the proposed project.
4. Orders for Plant & Machinery to the extent of Rs.197.00 lakhs, Quality Control Equipment to the extent of Rs. 23.00 lakhs and Effluent Treatment Equipment to the extent of Rs. 8.00 lakhs are yet to be placed.
5. Additional Working Capital limits have been applied for but are yet to be sanctioned.

LEAD MANAGERS TO THE ISSUE



21ST CENTURY MANAGEMENT SERVICES LIMITED,
 5th Floor, Model House,
 Punjagutta,
 Hyderabad - 500 482
 Tel : 040-220049/319371,

EXTERNAL

1. Foreign Exchange rate fluctuations could affect export realisation and cost of certain raw materials imports and thus profitability of the company.
2. The Pharmaceutical Industry is highly regulated, hence any change in the Government policies will affect the industry as well as the Company.

MANAGEMENT PERCEPTIONS OF RISK FACTORS

INTERNAL:

3. An application has been made to the Andhra Pradesh Pollution Control Board for environmental clearance for the proposed project.
4. Suppliers for these Rs. 197.00 lakhs worth of Plant & Machinery, Rs. 23.00 lakhs worth of Quality Control Equipment and Rs. 8.00 lakhs worth of Effluent Treatment Equipment have been identified and orders will be placed shortly.
5. An application has been made to State Bank of India, Overseas Branch, Abids, Hyderabad for sanction of additional Working Capital limits.

EXTERNAL:

1. Since the Company is a net foreign exchange earner with exports constituting 48% of the turn over for the year ended 31/12/1994, the Company is reasonably protected from foreign exchange rate fluctuations affecting input costs of imported raw materials.
2. The Government policies will not affect the Company significantly since a substantial portion of the turn over is targeted to be exported and also bulk drug intermediates do not come under the purview of Drugs Price Control Order (DPCO).

NOTE: INVESTORS ARE REQUESTED TO REFER TO THE PARA ON 'JUSTIFICATION OF PREMIUM' BEFORE THEY MAKE AN INVESTMENT IN THIS ISSUE

Premium Issue

REGISTRARS TO THE ISSUE



KARVY CONSULTANTS LTD.,
 6-1-68/2, Saifabad,
 Hyderabad - 500 004
 Tel: 040-242208/242209

ISSUE OPENS ON : MONDAY, 6TH MARCH, 1995

SUVEN PHARMACEUTICALS LIMITED

(Incorporated as a Private Limited Company under the Companies Act, 1956 on 9th March, 1989 and converted into a Public Limited Company on 4th January, 1995 in terms of special resolution dated 25.11.94 U/s. 31(1)/44 of Companies Act, 1956.)

Regd Office: Road No.2, Banjara Hills, Hyderabad

Works : Dasaigudem, Suryapet, Nalgonda Dist.

PART - I

GENERAL INFORMATION

DISCLAIMER CLAUSE

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE VETTING OF OFFER DOCUMENTS BY SEBI SHOULD NOT, IN ANY WAY, BE DEEMED/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 ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. SEBI HAS VETTED THE OFFER DOCUMENT FILED WITH IT FOR A LIMITED PURPOSE OF OVERSEEING, WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION FOR TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER 21ST CENTURY MANAGEMENT SERVICES LTD, HYDERABAD, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 9TH JANUARY, 1995 WHICH READS AS FOLLOWS:

- (1) "WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT PROSPECTUS PERTAINING TO THE SAID ISSUE"
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSION WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENT 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 PAPERS RELEVANT TO THE ISSUE;
 - (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - (C) THE DISCLOSURES MADE IN THE 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.
- 3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.

GOVERNMENT APPROVALS

Suven Pharmaceuticals Limited has obtained permission from Drugs Control Administration, Govt. of Andhra Pradesh, vide letter dated 12/02/1992 under Drugs and Cosmetic Act, 1940, for manufacture of Etofylline, Theobromine, Pentoxifylline, Theophylline, Caffeine and Aminophylline.

It must be distinctly understood that in granting the above approvals, the Government of Andhra Pradesh do not take responsibility for the financial soundness of this undertaking or for the correctness of any of the statements made or opinions expressed with regard to them.

LISTING

Applications have been made for permission to deal in and for official quotations for the Equity Shares of M/s.SUVEN Pharmaceuticals Limited issued and proposed

to be issued to Hyderabad & Bombay Stock Exchanges.

FILING

A copy of the Prospectus, having attached thereto documents required to be filed under Section 60 of the Companies Act, 1956 (hereinafter referred to as "the Act") has been delivered for registration to the Registrar of Companies, Andhra Pradesh at Hyderabad.

ATTENTION

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

"Any person who

- a) makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or
- b) otherwise, induces a Company to allot, or register any transfer of shares therein to him or any other person in a fictitious name shall be punishable with imprisonment for a term which may extend to five years".

MINIMUM SUBSCRIPTION

IF THE COMPANY DOES NOT RECEIVE THE MINIMUM SUBSCRIPTION OF 90% OF THE ISSUED AMOUNT, INCLUDING DEVOLVEMENT OF UNDERWRITERS, IF ANY, WITHIN 60 DAYS FROM THE DATE OF CLOSURE OF THE ISSUE, THE COMPANY SHALL FORTHWITH REFUND THE ENTIRE SUBSCRIPTION AMOUNT RECEIVED. FOR DELAY BEYOND 78 DAYS, IF ANY, IN REFUND OF SUCH SUBSCRIPTION, THE COMPANY SHALL PAY INTEREST AS PER SECTION 73 OF THE COMPANIES ACT, 1956.

ALLOTMENT LETTERS/REFUND ORDERS

THE COMPANY SHALL ENSURE DISPATCH OF REFUND ORDER OF VALUE UP TO RS. 1500/- UNDER POSTAL CERTIFICATE AND THOSE OVER RS.1500/- AND ALLOTMENT LETTERS BY REGISTERED POST ONLY AND THAT ADEQUATE FUNDS FOR THE PURPOSE ARE MADE AVAILABLE TO THE REGISTRAR TO THE ISSUE. DISPATCH WILL BE DONE WITHIN 10 WEEKS FROM THE DATE OF CLOSING OF THE SUBSCRIPTION LIST, HOWEVER THE COMPANY IS LIABLE IN THE CASE OF DELAYED REFUNDS AFTER 78 DAYS, TO PAY INTEREST @ 15% P.A.

REFUND WILL BE MADE BY CHEQUES OR PAY ORDERS DRAWN ON THE COMPANY'S BANKERS AND BANK CHARGES, IF ANY, FOR ENCASHING CHEQUES OR PAY ORDERS WILL HOWEVER BE PAYABLE BY THE APPLICANTS. SUCH CHEQUES/PAY ORDERS WILL, HOWEVER BE PAYABLE AT PAR AT PLACES WHERE APPLICATIONS ARE ACCEPTED.

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS AND WILL CLOSE AT THE CLOSE OF THE BANKING HOURS ON THE DATES AS MENTIONED BELOW OR EARLIER AT THE DISCRETION OF THE BOARD OF DIRECTORS (hereinafter referred to as the "Board") OF THE COMPANY BUT NOT BEFORE THE CLOSE OF BANKING HOURS ON THE DAY MENTIONED AGAINST THE CAPTION "EARLIEST CLOSING".

ISSUE PROGRAMME

THE SUBSCRIPTION LIST WILL OPEN AT THE COMMENCEMENT OF BANKING HOURS AND WILL CLOSE AT THE TERMINATION OF BANKING HOURS ON THE DAYS AS MENTIONED BELOW OR EARLIER AT THE DISCRETION OF THE BOARD OF DIRECTORS OF THE COMPANY (HEREINAFTER REFERRED TO AS "THE BOARD") BUT NOT BEFORE THE CLOSING OF BANKING HOURS ON THE DAY MENTIONED UNDER THE CAPTION "EARLIEST CLOSING".

FOR ALL CATEGORIES OF APPLICANTS

ISSUE OPENS ON	: Monday, 6th March, 1995
CLOSING NOT LATER THAN	: Thursday, 16th March, 1995
EARLIEST CLOSING	: Thursday, 9th March, 1995

LEAD MANAGERS/REGISTRARS/AUDITORS

LEAD MANAGER TO THE ISSUE

21ST Century Management Services Limited,
503, 5th Floor, Model House,
Punjagutta,
Hyderabad - 500 482
Tel : 040-220049/319371

REGISTRARS TO THE ISSUE

Karvy Consultants Ltd.,
6-1-68/2, Saifabad,
Hyderabad - 500 004
Tel: 040-242208/242209

AUDITORS TO THE COMPANY

Karvy & Company,
Chartered Accountants,
6-1-68/2, Saifabad,
Hyderabad - 500 004

COMPANY SECRETARY

The company has no full time Qualified Company Secretary as of now.

CREDIT RATING/TRUSTEES

As the Issue is of Equity Shares, rating/appointment of Trustees is not necessary.

UNDERWRITERS TO THE ISSUE

As per the SEBI guidelines, underwriting not being mandatory, the company has decided not to have the Issue underwritten.

II. CAPITAL STRUCTURE OF THE COMPANY

		Nominal Value Rs.	Issue Price Rs.
A. AUTHORISED			
50,00,000	Equity Shares of Rs.10/- each	5,00,00,000	
B. ISSUED, SUBSCRIBED AND PAID UP			
20,50,000	Equity shares of Rs.10/- each	2,05,00,000	
C. PRESENT ISSUE			
11,50,000	Equity Shares of Rs.10/- each for cash at a premium of Rs.40/- per share	1,15,00,000	5,75,00,000
D. OUT OF THE PRESENT ISSUE OFFER TO PROMOTERS, FRIENDS AND ASSOCIATES			
1,70,000	Equity Shares of Rs.10/- each for cash at a premium of Rs.40/- per share are reserved for promoters friends and associates	17,00,000	85,00,000
E. NOW OFFERED TO THE PUBLIC IN TERMS OF THIS PROSPECTUS			
9,80,000	Equity Shares of Rs.10/- each at a premium of Rs.40/- per share in terms of this prospectus.	98,00,000	4,90,00,000
Out of which			
a)	1,65,000	Equity shares of Rs.10/- each for cash at a premium of Rs.40/- per are reserved for firm allotment to the Non Resident Indians/Overseas Corporate Bodies	16,50,000
(b)	15,000	Equity shares of Rs.10/- each for cash at a premium of Rs.40/- per share are reserved for allotment to the permanent/ regular employees (including Indian working Directors/workers of the company.	1,50,000
c) OFFER TO INDIAN PUBLIC			
8,00,000	Equity Shares of Rs.10/- each for cash at a premium of Rs.40/- per share are being offered to the Indian Public	80,00,000	4,00,00,000
F. TOTAL PAID UP CAPITAL OF THE COMPANY AFTER THE PRESENT ISSUE			
32,00,000	Equity shares of Rs.10/- each	3,20,00,000	
G. POST ISSUE SHARE PREMIUM ACCOUNT			
	Share premium raised upto 31/12/1994		54,16,000
	Add: Share premium to be raised		4,60,00,000
TOTAL			<u>5,14,16,000</u>

NOTES:

- In view of the new basis of allotment procedure, in the event of oversubscription, the issue size may increase by a maximum amount of 10% of the present issue.
- Promoters will bring in their full contribution atleast one day before the opening of the issue.
- Allotment of equity shares under E (b) above shall not exceed 200 shares per individual employee. There are a total number of 75 employees eligible to apply under this category.
- The unsubscribed portion, if any, of reservation made for allotment to the employees of the Company at E(b) shall be added back to the offer made to the Indian Public at E(c) above.
- Details of Lock-in-period for Promoters/Associates shares:

No. of shares	Date of Allotment	Issue Price	% of share holdings	Lock in period
200	09/03/1989	at par	Negligible	-
340700	30/03/1990	at par	10.65	-
99000	29/10/1990	at par	3.09	-
674700	02/11/1993	at par	21.08	-
800000	02/11/1993	at par	25.00	5 years
26300	30/05/1994	Rs.50/-	0.82	3 years
109100	31/12/1994	Rs.50/-	3.41	3 years
170000	Present issue	Rs.50/-	5.31	3 years

The lock in period will commence from the date of allotment of shares in the Public Issue or from the date of commercial production whichever is later.

- The shares allotted on 30-5-94 and 31-12-94 are to the associates of the main promoters. The 1,70,000 shares proposed to be allotted to the promoters and their associates in the present issue are not to the core promoters, and the core promoters have opted to lock-in their contribution of 25% of the post-issue equity for a period of 5 years.
- Each application forming part of 'D' above, which is the promoters contribution, will be for a minimum of Rs.1,00,000/- from Corporate Bodies and a minimum of Rs.25,000/- from individuals.
- Initial permission has been received from Reserve Bank of India to allot shares to NRIs/OCBs on repatriable basis vide their letter No. EC.CO.FID(H)\6983\10.02.40(4797)\94\95 dated 8th December 1994.
- Subscription from all firm allottees, if any, would be received atleast one day before the opening of the Issue. In case of failure to bring in the money in time, the promoters have undertaken to subscribe for the same. In the event of the promoters taking up the equity shares, the said shares would be locked in for a period of 3 years from the date of allotment.

III. TERMS OF THE PRESENT ISSUE

Each equity share will have a face value of Rs. 10/- and is being issued at a premium of Rs. 40/- per share.

The Equity Shares now offered (henceforth referred to as "the Shares") are subject to the terms of this prospectus the application form, the Memorandum and Articles of Association of the Company, the provisions of the Act, and relevant guidelines for the listing of securities issued by Government of India from time to time, the Companies Act, 1956 and as per the SEBI guidelines.

TERMS OF PAYMENT

Each equity share will have a face value of Rs. 10/- and is being issued at a premium of Rs. 40/- per share.

The application must be for a minimum of 100 equity shares or in multiples of 100 thereafter. The amount payable per equity share would be as follows:

On Application

Rs.50/- per share (Rs.10/- towards nominal value and Rs.40/- towards premium)

RIGHTS OF SHAREHOLDERS

The Shares shall rank pari passu with the existing shares of the Company in all respects except that the holders of the shares now offered will be entitled to dividend, if any, which may be declared or paid, in proportion to the amount paid-up on those shares and pro-rata for the period for which such capital is paid-up thereon.

Subject to the provisions of Section 206A of the Act, the shareholder is entitled to receive dividend, offer of shares on right basis, bonus shares, if any, and any other rights available under the Articles and/or provisions of law.

AVAILABILITY OF PROSPECTUS AND APPLICATION FORMS

Application Forms along with Memorandum containing salient features of prospectus and copies of prospectus may be obtained from the Registered Office of the Company, Brokers to the Issue, Managers to the Issue, Bankers to the Issue named herein or from their branches as stated on the Application form and from M/s. Karvy Investor Services Centres.

PROCEDURE FOR APPLICATION

A. APPLICATION BY RESIDENT INDIAN PUBLIC

1. Application must be made only:

- i) on the prescribed Application Form (WHITE COLOUR) accompanying this prospectus and completed in full in BLOCK LETTERS IN ENGLISH, except signature, in accordance with the instructions contained herein and in the application form;
- ii) for a minimum of 100 shares or in multiples of 100 thereafter;
- iii) in single name or joint names (not more than three)
- iv) by Indian nationals resident in India; and
- v) in the names of individuals being resident in India, Mutual Funds, limited companies, or statutory corporations / institutions incorporated in India and NOT in the names of non-residents, foreign nationals, trusts (unless the trust is registered under the Societies Registration Act, 1860 or any other trust laws and is authorised under its constitution to hold shares in a Company), minors, partnership firms or their nominees or agents of any of them.

Applications made otherwise are liable to be rejected.

2. Application Forms duly completed as per the instructions along with the cheque/bank draft/stockinvest for the amount payable on application at the rate of Rs. 50/- per equity share should be lodged before the closure of the subscription list to the Bankers to the Issue or at their branches or any of the collecting centres of the collecting agent at the places mentioned in application form and not to the Company or to the Lead Managers to the Issue and are liable to be rejected if so made.

Where an applicant is allotted lesser number of shares than applied for the excess amount paid on application will be adjusted towards allotment money payable on equity shares and the balance amount if any hereafter will be refunded to the applicant within 10 weeks from the date of closure of subscription list in terms of Sec. 73 of the Companies Act.

3. MODE OF PAYMENT

Payment must be made in cash or by cheque / bank draft / stockinvest. Money Orders / Postal orders will not be accepted. Cheques or bank drafts

or stockinvests should be drawn on any bank, including a co-operative bank which is situated at and is a member or sub-member of the bankers clearing houses located at the centres where the application form is submitted. Outstation cheques or bank drafts, payable at centres other than the centres of submission will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

If the amount payable on application together with any earlier outstanding loan or deposit placed with the company by the applicant is Rs. 20,000 or more, such payment should not be effected in cash and must be effected only by way of an Account Payee cheque or an Account Payee Bank draft, according to Section 269 SS of the income Tax Act, 1961. Otherwise, the application may be rejected and application money refunded without any interest.

NOTE: Investors desirous of using a Stock-Invest have to ensure that the Stock-Invest issuing bank is a member or sub-member of the Bankers' Clearing House at Hyderabad.

All cheques / bank drafts accompanying the application must be:

- i. made payable to "SPL - Equity Issue"
- ii. Crossed "A/c Payee only"

In case of payment by cheque / bank draft / stockinvest, a separate cheque or bank draft or stockinvest must accompany each application form.

Applicants from places other than from the places nominated as collection centres should forward their application along with bank draft payable at Hyderabad or with stockinvest issued by a bank who is a member of the clearing house of Hyderabad to the Registrars to the Issue by Registered Post with acknowledgement due so as to reach on or before closure of the issue.

For further instructions, please read the application form carefully.

B. APPLICATION BY EMPLOYEES (INCLUDING INDIAN WORKING DIRECTORS/ WORKERS), OF THE COMPANY

1) Application must be made only:

- i) on the prescribed Application Form (PINK COLOUR) accompanying this prospectus and completed in full in BLOCK LETTERS IN ENGLISH, except signatures, in accordance with the instructions contained herein and the application form and is liable to be rejected if not so made;
- ii) for a minimum of 100 shares and a maximum of 200 shares
- iii) in single name or in joint names (not more than three). The first named applicant should be an employee.

2. Payment must be made by cash or by cheque / bank draft / stockinvest. All cheques/ bank drafts accompanying the applications must be crossed "A/c Payee only" and marked "A/c SPL - Equity Employees". The cheque / bank draft must be made payable to any of the bankers to the issue with whom the application is lodged.

PAYMENT BY STOCKINVEST

The applicant has the option to use Stockinvest for applying for Equity Shares. Stockinvest can be obtained from any bank issuing such instrument in various denominations, by making the necessary applications and depositing the amounts with the respective banks.

a. The prospective investor, at the time of request for issue of STOCKINVEST to the issuing bank may have to:

- i) indicate that he agrees to abide by terms of issue and encashment of the STOCKINVEST.
- ii) Give irrevocable authority to his bank to mark a lien for the value of the STOCKINVEST against the balance held in his saving / current / other deposit account.
- iii) Agree for lifting of the bankers' lien on expiry of the currency of subscription list. The STOCKINVEST or in case of intimation of partial / non-allotment of shares and
- iv) Agree that the issuing bank will not be liable for any damages or consequences arising out of the loss of these instruments.

b. The STOCKINVEST should bear the title SPL - Equity Issue (Stockinvest should NOT be drawn in favour of any bank) and crossed Account Payee and Non-negotiable. The Stockinvest would be payable only to the account of the payee on allotment and to the purchaser / investor on cancellation.

c. The STOCKINVEST must be used within 10 days from the date of issue and the last date for use of the instrument must be prominently indicated on the face

of the stockinvest with a notation "To be used before.....".

- d. STOCKINVEST is current for four months from the date of its issue indicated on its face and no amount can be claimed on the Stockinvest from the issuing bank branch, unless it is presented to it within these four months.
- e. The STOCKINVEST will be issued to the applicant in blank format after the authentication of the date of the issue by the designated branch. The STOCKINVEST duly completed would be submitted along with the share application to the bank branch handling the capital issue.
- f. The applicant should not fill in the right hand portion of the instrument, which will be filled by the Registrars to the Issue.
- g. The STOCKINVEST should be crossed "Account Payee" & Non-negotiable" and will be payable only to the account of the Company and to the purchaser investor on cancellation.
- h. Lien on the applicant's deposit account will be automatically lifted by the issuing bank when:
 - i) a valid instrument is presented by the controlling bank after allotment;
 - ii) the cancelled instrument is surrendered by the applicant; and
 - iii) an indemnity bond is executed in favour of the bank after the expiry period of 4 months, in cases where the applicant has not received the allotment advice and/or cancelled instrument.
- i. The STOCKINVEST purchaser's name must invariably be mentioned as the first applicant on the accompanying application form.
- j. Banks will not normally entertain requests for registering stop payment against STOCKINVESTS issues by them.
- k. The procedure for disposal of applications made by cash or cheque or bank draft will apply mutatis mutandis to applications accompanied by STOCKINVEST except in the following:
 - i) In case of non-allotment, the Registrars to the Issue will return the STOCKINVEST without encashing. The issuing bank will lift the lien on the account on submission of the same by the applicant (s).
 - ii) On allotment / partial allotment, the Registrar to the Issue will fill in the amount which would be less than or equal to the amount filled in by the applicant (s). The issuing bank will lift the lien on the balance amount in the applicant's account.

The applicant may approach the banks concerned for obtaining STOCKINVEST and detailed instructions for the same.

The Registrars to the Issue have been authorised by the Company wide Board Resolution passed on 09/01/1995, to sign on behalf of the Company so as to realise the proceeds of the STOCKINVEST from the issuing banks or to affix non-allotment advice on instruments or to cancel the STOCKINVEST pertaining to the non-allottees or to the partially successful allottees who have endorsed more than one STOCKINVEST. Such cancelled STOCKINVESTS shall be returned to such applicant by the Registrars directly within 10 weeks from the date of closure of subscription list.

GENERAL INFORMATION

1. The number of the Application Form may be mentioned on the reverse of the Cheque / bank draft / stockinvest.
2. The applicant has the option to furnish the following information in the place provided in the Application Form;
 - i) Savings / Current A/c no.
 - ii) Name of the bank with whom the account is held.

The Registrars would then print such details in the refund order after the name of the investor.
3. Where an application is for allotment of securities, in response to (i) a Public issue through a prospectus or an offer for sale or (ii) a rights issue, for a total value of Rs. 50,000/ or more the applicant or in the case of applications in point names, each of the applicants, should mention his/her permanent account number allotted, the GIR number and the Income-tax Circle/Ward/District. In case where neither the permanent account number nor the GIR number has been allotted, the fact of non-allotment should be mentioned in the application forms. Application forms without this information will be considered incomplete and will be liable to be rejected.
4. All persons (excepting shareholders & employees of the company) to whom Firm allotments have been made in the present issue should not make application in the Public Offer Category.

DISPOSAL OF APPLICATION AND APPLICATION MONEY

No receipt will be issue for the application money. However the bankers to the

issue and/or their branches receive the applications will acknowledge the receipt of the applications by stamping and returning the acknowledgement slip at the bottom of the application form. The sums received in respect of this issue will be kept in a separate bank account. The company will not appropriate the funds unless the approval of the Hyderabad Stockexchange is obtained for basis of allotment and listing permission from all the concerned stock exchanges where the listing has been made.

JOINT APPLICATION

An application may be made in single or joint names (not more than three). In case of a joint application, refund orders, dividend warrants etc. will be made in favour of and all communications will be addressed to the applicant whose name appears first at his/her address stated in the application form.

MULTIPLE APPLICATIONS

An applicant should submit only one application (and not more than one) for the total number of equity shares required. Applications may be made in single or joint names, (not more than three). Two or more applications in single and/or joint names will be deemed to be multiple applications, if the sole and /or the first applicant is one and the same. The Board reserves the right to reject, in its absolute discretion, all or any multiple applications. Those who have applied under the reservation for preferential allotment to employees may also apply in the quota offered to the Indian Public and these applications will not be treated as multiple applications.

All persons (excepting shareholders & employees of the company) to whom Firm allotments have been made in the present issue should not make application in the Public Offer Category.

APPLICATION UNDER POWER OF ATTORNEY

In the case of applications under power of attorney or by limited companies or corporate bodies, the relevant power of attorney / other relevant authority / duly certified copy thereof, as the case may be, must be lodged separately at the office of the Registrars to the Issue, quoting the reference number of the application form and bank branch where it is submitted simultaneously with the submission of the application form, failing which the application is liable to be rejected.

ACCEPTANCE OF APPLICATION

The application forms duly completed together with cash/ cheque/ draft / stockinvest for the amount payable thereon should be delivered before the closing of the subscription list to any of the bankers to the issue or their branches mentioned in the applications form or to M/s. Karvy Investor Service Centres. Application forms should NOT be sent to the Company or the Lead managers to the Issue or Registrar to the Issue. No receipt will be issued for the application money. However, the bankers to the issue or its branches, or M/s. Karvy Investor Service Centres on receiving the application will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form.

TAX BENEFITS

The Company has been advised by M/s. Karvy & Company, Chartered Accountants, who are the tax consultants of the Company, vide their letter dated 11.01.1995 that under the current provisions of the Income Tax Act, 1961 and other applicable Tax Laws for the time being in force, the following tax benefits and deductions, will inter alia, be available, subject to the fulfillment of the requirements of the relevant provisions.

A. TO THE COMPANY

- i. The Company will be entitled to deduction under Section 80M of the Income Tax Act, 1961 of an amount equal to so much of the income by way of dividends received from other domestic companies as does not exceed the amount of dividend distributed by the Company on or before the due date of filing of the Return of Income.
- ii. The expenditure incurred by the Company which are in the nature of share issue expenses and other preliminary expenses as specified under section 35D of the Income Tax Act can be amortised over a period of 10 years, subject to overall limit provided under that section and subject to compliance with the conditions specified in the Section.
- iii. In accordance with and subject to the conditions specified in Section 80HHC of Income Tax Act, 1961 the Company shall be entitled to a deduction in respect of Profits as determined under the said section, attributable to export of goods and merchandise to which the section applies.
- iv. The Company is entitled to a deduction under Section 35(1) (iv) of the Income Tax Act of the whole amount in respect of capital expenditure (other than land) incurred in connection with Scientific Research related to the business carried on by the Company in the year in which such expenditure is incurred.
- v. Under Section 35AB of the Income Tax Act, the Company will be entitled

to deduction for any lump sum consideration paid for acquiring any know how for Company's business. 1/6th of the amount so paid shall be deducted from the profits of the business in the previous year of payment and in five immediately succeeding previous years.

- vi. In accordance with and subject to the conditions specified in Section 80 I of the Income Tax Act, 1961 the Company will be entitled to deductions from the profits of existing unit.
- vii. In accordance with and subject to the conditions specified in Section 80 IA of the Income Tax Act, 1961 the Company will be entitled to a deduction of 30% of the Profits and Gains derived from the new industrial undertaking for a period of 10 (ten) assessment years, beginning with the previous assessment year, relevant to the previous year in which the said undertaking commences production.

B. TO THE RESIDENT MEMBERS OF THE COMPANY :

- i. Members being individual residents in India, will be entitled to receive dividends without deduction of income tax at source provided :
 - a) Pursuant to Section 194 of the I.T. Act, the amount of such dividend paid during any financial year by the Company to members by an -- Account Payee cheque does not exceed Rs. 2500/-, or
 - b) Pursuant to Section 197A of the I.T. Act, the member furnishes to the company declaration of I.T. Act in duplicate in the prescribed form and verified in the prescribed manner, to the effect that the tax on his/her estimated total income of the previous year in which such dividend income is to be included in computing his/her total income will be NIL.
- ii. Members of the Company who sell their shares after retaining for a period of twelve months, the gains if any, would qualify as long term capital gain and will be taxed at a fixed rate of 20 percent in case of individuals, Hindu undivided families and venture capital companies, 30 percent in case of firms, association of persons and bodies of individuals, 30% in case of companies after allowing the cost of shares to be adjusted for general inflation before deduction from the sale proceeds. The adjustment factor in this regard to be notified by Central Government for each year.
- iii. Members of the Company who are individuals, Hindu undivided families or specified association of persons or body of individuals will be entitled to deduction under section 80L of this Act, from the total income upto a maximum of Rs.10,000/- in the aggregate per year in respect of any income of the nature specified in the said section including dividend received from the Company.
- iv. a) Members who are scheduled banks or public financial institutions or state financial corporation or state industrial investment corporations or companies registered under Section 25 of the Companies Act, 1956, would be entitled to a deduction under Section 80M (1) (i) of an amount equal to 60% of the income by way of dividends received by them from the Company and included in their gross total income.
- b) Members who are domestic companies other than those referred to in (i) above would be entitled to deduction under Section 80M (1) (i) of an amount equal to so much of the income by way of dividends received from the company does not exceed the amount of dividend distributed by such domestic company on or before the due date of filing of Return of Income.
- v. The Members of the Company will not be liable to pay Wealth Tax in respect of Shares of the Company held by them, as shares are not covered under the definition of 'assets' under the Wealth Tax Act, 1957.

C. TO THE MEMBER OF THE COMPANY WHO ARE NON-RESIDENTS:

- i. A Non-Resident Indian has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, according to which:
 - a) Under Section 115E of the Income Tax Act the investment income, including income from shares and dividends on shares of the company acquired by them out of convertible foreign exchange and long-term capital gains arising from sale thereof or both, of a Non-resident Indian, shall be taxed to income tax @ 20%.
 - b) The long term capital gains as referred to above shall be exempted from income tax entirely / proportionately, if the investor invests all or a portion of the net consideration in specified assets within six months of the date of transfer in accordance with Section 115F. The amount so exempted shall be chargeable to tax if the new assets are transferred or converted within three years from the date of the acquisition of the specified assets.
 - c) Under Section 115G, Non-resident Indian is not obliged to file a Return of income U/Sec. 139 (1) where his total income consists only investment income and / or long term capital gains and tax deductible at source is deducted therefrom.
- ii) Under Section 115 I a Non-resident Indian if he elects not to be governed by

the above mentioned special provisions of chapter XII-A then he will be entitled to tax benefits available to Resident Indians as referred above.

- iii) Under Section 115H of the Income Tax Act, where a Non-resident Indian in any previous year becomes assessable as resident in India in respect of the total income of any subsequent year he may furnish to the Income Tax Officer a declaration in writing alongwith his Return of Income under Section 139 for the assessment year for which he is so assessable to the effect that the provisions of Chapter XII-A of the Income Tax Act, shall continue to apply to him in relation to the investment income derived from any foreign exchange assets including the asset of the nature referred to in clause (ii) to (v) of Section 115C and if he does so the provisions of the said chapter shall continue to apply to him, in relation to such income for that assessment year and for every subsequent assessment year until the transfer or conversion (otherwise than by transfer) into money of such assets.
- iv. The value of shares held by members who are individuals or Hindu undivided families will be exempted from Wealth Tax.
- v. Gifts made by citizens of India or persons of Indian origin who are non-resident Indians to any of their relatives in India (as defined in section 2 (41) of the Income Tax Act, 1961.) in the form of shares acquired by them with convertible foreign exchange will be wholly exempt from Gift-tax.

D. TO OVERSEAS BODIES CORPORATE

In the case of Overseas Bodies Corporate, Income Tax would be levied on the interest and dividends received by it at the rates, as indicated against such income, under the provisions of Section 115A of the Income Tax Act, 1961:

- i. dividends at the rate of 25%
- ii. interest received on monies borrowed by Government or an Indian concern or debt incurred by the Government or an Indian concern in foreign currency - at the rate of 25%.
- iii. Under sub-clause (ii) of Clause (b) of Sub-section (i) of Section 112 of the Income Tax Act, Income Tax payable on long term capital gains would be at the rate of 40%.

IV. PARTICULARS OF THE ISSUE

OBJECTS OF THE PRESENT ISSUE:

- i) To finance the Company's project for manufacture of bulk drugs and drug intermediates namely, Cyano Acetic Acid, Methyl and Ethyl Cyano Acetates, Guanine and Theobromine.
- ii) To provide long term margin money for working capital requirements.
- iii) To meet issue expenses.
- iv) To list the Equity shares of the Company on the Stock Exchanges at Hyderabad and Bombay.

COST OF PROJECT AND MEANS OF FINANCE

The cost of the Project as estimated by the company aggregates to Rs.642.70 lakhs and is detailed below:

	Rs.in lakhs
Land	16.00
Civil works	27.70
Plant & Machinery	367.00
Quality Control Equipment	23.00
Effluent Treatment Plant	18.00
Generator 200 kva	7.00
Electricals and Fittings	10.00
Margin Money for working capital	140.00
Issue expenses	34.00
	642.70

MEANS OF FINANCE

The means of finance is as under:

	Nominal value	Premium	Rs.in lakhs
i. Equity Share capital			
Promoters			
Allotted	13.54	54.16	67.70
To be allotted	17.00	68.00	85.00
Public	98.00	392.00	490.00
			642.70

The Company has already incurred cost of Rs.55.91 lakhs till 31st December, 1994 which has been funded by Equity Capital (including premium).

SUVEN PHARMACEUTICALS LIMITED

COMPANY, MANAGEMENT & PROJECT

Brief History and business of the Company

Suven Pharmaceuticals Limited was promoted in 1989 by Mr. Jasti Venkateswarlu and Mrs. Jasti Sudha Rani for the manufacture of bulk drugs and drug intermediates. The Company was incorporated as a Private Limited Company on 9th March, 1989 in the state of Andhra Pradesh. Subsequently on 4th January, 1995 it was converted into a Public Limited Company in terms of special resolution dated 25.11.94 U/s. 31(1)/44 of Companies Act.

PROMOTERS AND THEIR BACKGROUND

The company was originally promoted by the following :-

SHRI JASTI VENKATESWARLU - Principal Promoter, is a Post Graduate in Pharmacy from Andhra University, Visakhapatnam, and also Post Graduate in Pharmacy from St. John University, New York, specialising in Industrial Pharmacy. Having registered himself as a Registered Pharmacist, Shri Venkateswarlu successfully managed M/s. Clinton Bergen Drug Company, M/s. Park way Central Pharma and M/s. Kayes Drug Company, NJ, USA. He was the President elect of Essex County Pharmaceutical Society of NJ which no other Indian occupied till now.

He returned from U.S.A. to India in 1988-89 and bought a sick drug Company in an auction from APSFC from which, the Company M/s. Suven Pharmaceuticals Limited is started in 1990. Since then, he has been successfully managing the company as the Managing Director providing the right directions and leadership in developing technologies, upgrading the facilities, development of export markets etc., besides being the overall incharge of all matters of the company.

Shri Jasti Venkateswarlu is the member of Indian Pharmaceutical Association, A.P. Branch and presently is the Secretary for Bulk Drug Manufacturers Association of India.

SMT JASTI SUDHA RANI - Principal Promoter, is a Graduate in Sciences. She assisted her husband in running the business in U.S.A. She actively participates in the operations of the company.

The Company's Board comprises of the following Directors:

- 1) **Shri B. Rai** - Chairman
Inducted into the Board as on 09/01/1995
- 2) **Shri Jasti Venkateswarlu** - Managing Director
- 3) **Smt. Jasti Sudha Rani** - Director
- 4) **Dr. Hargovind Rathore** - Director
Director with effect from 25/11/1994

Dr. S. Ramachandran
Alternate Director to Dr. Hargovind Rathore

- 5) **Shri M. Ajaya Kumar** - Director (Operations)
Inducted into the Board as on 09/01/1995 for promoting the project.

There are no pending litigations/disputes, defaults to banks/Financial Institutions, statutory dues and proceedings initiated for economic offences against promoters/group companies, companies/other ventures promoted by them.

BOARD OF DIRECTORS

Description, Address, Occupation	Other Directorships
Shri Bodhishwar Rai Chairman (s/o Shri Pandit Hari Prasad) E-51, Greater Kailash II, New Delhi Retired Banker	NIL
Shri Jasti Venkateswarlu Managing Director (s/o. Shri J. Subba Rao) 208, Road No.14, Jubilee Hills, Hyderabad - 500 033 Industrialist	Nuage Tanneries Ltd. Hyderabad
Smt Jasti Sudha Rani Working Director (w/o Shri Jasti Venkateswarlu) 208, Road No.14,	NIL

Jubilee Hills,
Hyderabad - 500 033

Industrialist

Dr. Hargovind Rathore
Director
(S/o Shri Kedamath Rathore)
9, Opportunity way,
New buryport,
MA 01950
U.S.A.

Poly Organix Inc.,
U.S.A.

Service

Dr. S. Ramachandran,
Alternate Director
C/o NATCO Labs Limited,
Road No.2, Banjara Hills,
Hyderabad - 500 033

Natco Labs Limited,
Hyderabad

Chemical Technologist

Shri M. Ajaya Kumar
Director
(S/o. Shri M. Raghavendra Rao)
Flat No.711, Emerald,
Amrutha Hills,
Punjagutta,
Hyderabad - 500 482

NIL

Industrialist

EXPERIENCE / BACKGROUND OF THE DIRECTORS/PROMOTERS

SHRI B. RAI is the former Chairman & Managing Director of Allahabad Bank, Calcutta; former Managing Director of S.B.I. Funds Management Limited, Bombay. Shri Rai, with rich and varied experience in Banking, Industry, Financial Management is the Chairman of the Board of Directors for guiding the company's top management.

The main promoter Directors Shri Jasti Venkateswarlu and Smt. Jasti Sudha Rani, their details and background are mentioned under the head **PROMOTERS AND THEIR BACKGROUND.**

DR. HARGOVIND RATHORE is a Doctorate in Organic Chemistry and is presently, President and Chief Executive Officer of M/s. Poly Organics Limited, a U.S. based Basic Drug Research, Development, Manufacturing and Marketing Company. Dr. Rathore will be supporting the company on product identification for Exports, Development and Transfer of Technologies for such potential products, market development, etc. Since he is a Non-Resident Indian and he may not be able to attend the meetings in India, his constituted attorney Dr. S. Ramachandran will be his alternate Director. Dr. Ramachandran, a renowned Chemical Technologist, is also on the Board of NATCO Labs Limited, whose expertise will be of immense value to the Company in development and translation of technologies for Drug Intermediates and new basic drugs planned for the company.

SHRI M. AJAYA KUMAR - A senior Banking professional and formerly Managing Director of M/s. SOL Pharmaceuticals Limited (till 30th November, 1994) was responsible for building an organisation into Rs. 200 crore major pharma company of the country during his tenure. He is widely acknowledged and respected for his professional management skills and for his contributions made to SOL for which he was adjudged as the "Best Manager of the Year" 1994 by the Hyderabad Management Association.

Shri M. Ajaya Kumar will be the whole time Director, incharge of the total operational management of the company.

MAIN OBJECTS OF THE COMPANY

The main objects to be pursued by the Company on its incorporation are

1. To manufacture, refine, purchase, sell, prepare, import, export all classes and kinds of drugs including pharmaceutical preparations and formulations, fine chemicals, raw-materials and intermediates for drugs and all other pharmaceuticals such as tablets, injectables, syrups, powders, ointments, aerosols, capsules and liquids for human consumption.
2. To buy, sell, import, export, manufacture and treat and deal in all kinds of chemicals, biologicals, cosmetics, insecticides, agrochemicals, pesticides,

SUVEN PHARMACEUTICALS LIMITED

hormones, medicated soaps and foods.

- To render professional and technical consultancy and advice to any individual, firm, company, Government or Statutory undertaking or corporation or any other body carrying on any business whatsoever in the field of Design and Engineering, Research and Development, Business, Industrial and General management relating to Chemicals and Pharmaceutical Industries.
- To undertake, promote, encourage, initiate, assist and engage in all kinds of research and development work and to set up laboratories and other facilities required for the same and to render such assistance monetary or otherwise as may be required for that purpose.

FINANCIAL HIGHLIGHTS

(Audited)

	31.12.94 (9 months)	31.03.94	31.03.93	31.03.92	31.03.91
Installed Capacity (MT)	236.00	186.00	132.00	72.00	72.00
Production (MT)	75.00	72.00	78.50	42.00	24.00
Capacity Utilisation (%)	81.00	67.00	59.00	58.00	33.00
Sales and other Income	509.40	541.59	361.48	173.21	118.68
Profit Before Interest	127.21	102.89	45.26	34.00	(11.37)
Interest	27.83	50.25	38.17	30.27	18.68
Depreciation	11.00	9.78	6.38	6.18	5.34
Profit Before Tax	88.38	42.86	0.71	(2.45)	(35.39)
Profit After Tax	88.38	42.86	0.71	(2.45)	(35.39)
Gross Block	282.71	278.45	147.69	128.58	121.09
Equity Share Capital	205.00	162.89	103.73	75.09	55.99
Secured Term Loans	69.47	77.37	79.49	69.24	69.24
Reserves & Surplus (excluding revaluation reserves)	136.81	5.72	0.00	0.00	0.00
Dividend (%)	12	-	-	-	-
Earnings in Rs. per share (Rs) (Annualised)	5.75	2.24	0.07	-	-

NOTES ON ACCOUNTS AND ACCOUNTING POLICIES

a) Accounting Concepts

The Company follows the mercantile system of Accounting and recognises income and expenditure on accrual basis. The Accounts are prepared on historical cost basis and as a going concern. Accounting policies not referred to otherwise are consistent with generally accepted accounting principles.

b) Fixed Assets

Tangible fixed assets are stated at cost less depreciation. Cost comprises of purchases and attributable cost.

c) Depreciation

Depreciation on the fixed assets is provided on straight line method as per schedule XIV of the Companies Act, 1956.

d) Inventories

Stock of raw materials, stores, spares and fuel are stated at cost and are valued on weighted average basis. Goods in bonded warehouse and in transit are valued at costs incurred till year end. Finished goods are stated at cost or net realisable value whichever is lower. Goods in process are stated at cost. Cost of goods in process and finished goods include material costs, labour and factory overheads.

e) Export Sales

Export sales are recorded in Rupee amount based on the actual realisation.

f) Research & Development

Research and Development cost of revenue nature is written off in the year in which it is incurred and expenditure of capital nature is added to fixed assets.

g) Modvat

Modvat benefit is accounted for by reducing the purchase cost of the material.

PRESENT BUSINESS OF THE COMPANY

The Company is engaged in the manufacture of bulk drugs and drug intermediates with increasing focus on **drug intermediates for exports**. The plant has an installed capacity of 372 MT per annum. Currently the plant is producing 250 MT per annum of bulk drugs namely, Theophylline, Caffeine and drug intermediates like 8 Chloro Theophylline, Nitroso compound, Cyano Acetic Acid (CAA), Orotic Acid and Hydantoic acid nitrile. Orotic Acid is being made for the first time in India exclusively for exports and is import substitute product. In addition to this Suven has gone into backward integration by producing for the first time in India Mono Methyl Urea (MMU) and Dymethyl Urea which are import substitutes.

The unit has production capabilities for the manufacture of Bulk Drugs, based on intermediates which are manufactured for captive consumption and for exports/ domestic markets. Product wise installed capacity for each product of the company is listed below, each of the capacity listed is not mutually exclusive and depends on the end product.

Product	Existing Annual installed capacity
	Tonnes
a) Aminophylline	()
Caffeine	()
Theophylline	()
Nitroso compound	96
Pentoxiphylline	12
Orotic Acid	48
Cyano Acetic Acid	120

SUBSIDIARIES

There are no subsidiaries of the Company.

MANAGEMENT

The overall management is vested in the Board of Directors. The day to day affairs of the Company are looked after by Mr. Jasti Venkateswarlu, the Managing Director of the company and Mr. M. Ajaya Kumar, Whole-time Director (Operations), assisted by a group of executives.

The plant personnel consist of well trained supervisors, operators, maintenance staff and allied staff with several years of experience in the production of multistage synthetic drugs, fabrication and erection of machinery for chemical plants. The total strength of the staff is 75 permanent employees.

THE PROJECT

The proposed project is being set up for manufacture of new bulk drugs and drug intermediates and for expansion of capacities of existing products.

Products	Proposed Installed capacity (p.a.)
Cyano Acetic Acid (Additional capacity)	120 MT
Methyl Cyano Acetate/ Ethyl Cyano Acetate	144 MT
Guanine	60 MT
Theobromine	72 MT

LOCATION

The proposed project will be implemented where the existing plant of Suven Pharmaceuticals Limited is located, i.e. Dasaigudem, Suryapet, Nalgonda District.

LAND AND BUILDINGS

The Company owns 10.07 acres of land in Dasaigudem, Suryapet, being Survey No. 103. The Company has acquired 31 acres 35.5 guntas of land being Survey No.s 97, 199, 101, 102, 104, 105, 106 and 108 adjacent to the existing plot for the proposed expansion. The existing built up area is 2554.35 Sq.Mts as detailed below:

R.C.C. BUILDINGS	SQ.MTTS.
Office buildings, Laboratory and	
Driers (2 floors)	473.80
Security	120.00
Stores	329.60
	923.40

SUVEN PHARMACEUTICALS LIMITED
ASBESTOS SHEDS

Production Block I	765.00	
Production Block II	155.10	
Boiler Shed	300.00	
Refrigeration shed	33.25	
Stores I	48.00	
Stores II	329.60	
		1630.95
		<u>2554.35</u>

It is now proposed to expend Rs.27.70 lakhs for building additional Production Block/Raw materials stores, details of which are given below:

RCC Production Block - 720 sq. mts.

Asbestos Stores Block - 600 sq. mts.

PLANT & MACHINERY

The entire Plant & Machinery, Quality Control and Effluent Treatment equipments are being acquired indigenously. Rs.55.91 lakhs worth of Plant & Machinery have already been acquired and orders to the tune of Rs.114.71 lakhs have been placed with suppliers details of which are given below. The orders for the remaining plant & machinery are being finalised.

The main Plant & Machinery include,

S.S.Reactors, Condenser and Piping, Centrifuges, Dryers, SS/PP Storage Tanks, Sifters, Blenders, Chilling Water Plant and Brine Chilling Plant.

PLANT & MACHINERY ALREADY RECEIVED

PLANT & MACHINERY NO. & DATE	PARTY'S NAME	PURCHASE ORDER	VALUE Rs.
Boiler	Abdul Rashi Iron Works	027/27.05.94	2,70,970.30
Lab equipment	Surya Sales (P) Ltd.	028/08.04.94	28,822.51
M.M.U.PLANT			
Structurals Pipes, fittings, valves(SS/MS/CI)	Hemal Steels Bharat Tubes Corpn. & Indian Hardware Mart	013/11.04.94 Misc/024/ 25.04.94	3,32,511.00 3,63,798.00
Condensers	Chemequip Inds.	010/11.04.94	1,26,758.00
Insulation	Rajendra Trading	004/04.04.94	58,945.00
Instrumentation	Global Electronics	008/09.04.94	16,742.30
Electricals	Sudhakar Enterprises & Seth Enterprises	005/04.04.94	73,575.00
MMA Cylinders	Anup Engg.Ltd.	101/25.09.94	1,25,580.00
Vacuum Systems	H.K.Industries	011/09.04.94	40,788.80
Process Pumps	Farm Aids	123/28.07.94	16,742.30
C.A.A.PLANT:			
Structurals Pipes, fittings & Valves (PP/CI/MS/SS)	Hemal steels Allied Indl.Prod.& Kabra Steel Tubes	013/11.04.94 Misc/058 26.06.94	4,21,313.25 10,28,968.27
Reactors & condensers	Balaji Engg.Works	009/11.04.94	10,52,469.00
Process pumps	Agri.Mach.suppl.& Farm Aids	125/27.07.94	1,01,164.10
Sealing M C	Sanghi Sales & Services	07/07.04.94	9,500.00
Vacuum Systems	H.K.INDS. & Essor Engineers	144/19.08.94	91,254.00
Centrifuge	Premier Indl. Equipments	127/29.07.94	1,94,638.50
PP Extraction columns	Santom Enterprises	010/11.04.94	5,38,345.60

PPFRP Cooling tower	Nidhi Udyog	131/01.08.94	78,000.00
PPFRP Vacuum receivers	Santom Enterprises	026/27.05.94	2,20,031.00
Instrumentation	Forbesons Engg.(P) Ltd.& Polomon Instruments	108/12.07.94	83,974.13
Weighing Scale	Essae Teraoka Pvt. Ltd.	069/10.06.94	37,690.00
Insulation work	Rajendra Trading	004/04.04.94	70,970.13
Electricals	Sudhakar Enterprises & Seth Enterprises	130/01.08.94	82,220.75
Fabrication charges	Sri Sainath Lining Fabrication & Erection	145/19.08.94	46,090.60

REFRIGERATION:

MS Condenser	Arihant Enterprises	045/18.05.94	72,501.00
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55,84,362.74

PLANT & MACHINERY ORDERED BUT NOT YET RECEIVED:

Sl. No.	Name of the Equipment	Name of the party	Purchase Order No.& Date	value Rs.	Advance paid Rs.
1)	Diesel Generator set 200 KVA	Greaves cotton Ltd.	188/ 20.10.94	7,56,613.00	1,15,000.00
2)	Distillation column and reboiler	Eskayar Engineering	193/ 31.10.94	6,43,536.00	1,20,000.00
3)	6.3KL SS 316 reactors (2 Nos.)	Balaji Engineering Works	190/ 29.10.94	17,90,000.00	12,00,000.00
	5.0KL SS 316 reactors (2 Nos.)			12,63,746.00	
	3.2KL SS 316 reactors (2 Nos.)			10,60,000.00	
	3.2KL High Pressure SS 316 reactors (1 No.)			7,07,410.00	
	2.0KL SS 316 reactors (2 Nos.)			2,99,750.00	
4)	20m2 Heat Exchangers (2 Nos.)	Chemequip Inds.	191/ 29.10.94	5,27,560.00	4,00,000.00
	12m2 Heat Exchangers (2 Nos.)			3,94,472.00	
	2m2 Heat Exchangers (2 Nos.)			60,550.00	
	1000 ltrs.SS 316 Receiver(2 Nos.)			2,10,000.00	
	800 ltrs. SS 316 Receiver(2 Nos.)			1,51,074.00	
5)	Motor control Centres(2 Nos.)	Esses Eltech Systems	242/ 28.11.94	6,05,440.00	1,20,000.00
6)	2.5KL PPFRP Storage Tanks	Santom Enterprises	244/ 30.11.94	17,770.00	5,000.00
	3.0KL PPFRP Storage Tanks			24,340.00	
	6.0KL PPFRP Storage Tanks			90,468.00	
	250 ltrs.Vacuum Receivers(3 Nos.)			33,600.00	
7)	UV-VIS Spectro Photo meter	Chemito Instruments	260/ 06.12.94	3,12,000.00	62,500.00

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8)	PP Filter Press with NMP Equipments CI structure (6 Nos.) Corporation	288/ 30.12.94	5,94,282.00	1,00,000.00
9)	C.I. Body vacuum pumps Essar Engineers 150 m ³ /hr capacity x 40 Torr- (6 Nos.)	296/ 31.12.94	90,000.00	20,000.00
10)	1 Water Jet (SS 316)+ HK Industries 2 Steam Booster (SS 316) + NRV steam ejector systems (3 Nos.)	285/ 26.12.94	3,30,000.00	50,000.00
11)	i) SS 316 Pump with suitable motors Nagarjuna Engg. Industries	206/ 10.11.94	1,50,000.00	35,000.00
	ii) PPE pumps with suitable motors	-do-	1,30,000.00	(
12)	100KG capacity Fluid bed drier SS 316 Richard Engg. Works	198/ 08.11.94	3,28,647.00	(
13)	48" Centrifuge- Bottom discharge SS 316 (2 Nos.) Richard Engg. Pvt. Ltd.	194/ 04.11.94	9,00,000.00	(2,16,000.00
			1,14,71,258.00	24,88,500.00

Note : All the Plant & Machinery Ordered but not received are expected to be delivered by June 1995.

QUALITY CONTROL EQUIPMENT

The details of the Quality Control equipment are given below:

Name of the equipment	Party from whom to be procured	Value (Rs.)
Metler Electronic Analytical balance (1 No.)	Nu-Lab Instruments Ltd., Hyderabad	1,05,000.00
Waters HPLC System (1 No.)	Waters India Pvt. Ltd. Bangalore	6,50,000.00
PERKIN-ELMER Spectro Photometer (1 No.)	LAB India Inst. Ltd., Hyderabad	8,00,000.00
SHIMADZU double beam Spectro Photometer (1 No.)	Nu-Lab Instruments Ltd., Hyderabad	3,80,000.00
5 KVA UPS (1 No.)	Hi-rel Powermatics Hyderabad	1,65,000.00
Auto Titrator (1 No.)	Nu-Lab Instruments Ltd., Hyderabad	2,00,000.00

TECHNOLOGY AND PROCESS

The technology for the existing and proposed products is developed inhouse by the Company in its R & D laboratory which is managed by eight qualified and dedicated scientists under the leadership of Dr. S. Ramachandran, who is a renowned Synthetic Organic Chemist. The basic engineering is supplied by Mr. A. Raja Rao former Chief General Manager of IDPL who has executed many bulk drugs, intermediates and agro-chemicals projects for reputed Indian companies. Dr. Hargovind Rathore, one of the Directors of the Company is actively involved in R&D management, commercial development and technology development of a medium scale company in USA working as a President and Chief Executive Officer of that Company. He is also actively involved in technology and process developmental activities of this organisation.

1. CYANO ACETIC ACID/ETHYL CYANO ACETATE/METHYL CYANO ACETATE

Sodium Cyanide is reacted with Sodium Monochloro Acetate to obtain aqueous Cyano Acetic Acid which is extracted with MIBK to obtain Cyano Acetic Acid. Cyano Acetic Acid is esterified with Ethyl alcohol to obtain Ethyl Cyano Acetate and with Methyl Alcohol to obtain Methyl Cyano Acetate.

2. THEOBROMINE/3 METHYL XANTHINE

Cyano Acetic Acid is reacted with Acetic Anhydride and Monomethyl Urea to yield 1 Methyl 6 Amino uracil which is nitrosated and reduced to get 3 Methyl

Xanthine. 3 Methyl Xanthine is then formulated to yield Theobromine.

3. PENTOXYFILLINE

Bromohexanone is obtained by reacting Ethyl Aceto Acetate, Bromo Chloro Propane and Hydrobromic Acid. Bromohexanone is reacted with theobromine resulting in Pentoxifylline

4. MONO METHYL UREA AND DIMETHYL UREA

This is obtained by selective methylation of Urea with Monomethyl Amine.

5. AMINOPHYLLINE/CAFFEINE/THEOPHYLLINE/8 CHLORO THEOPHYLLINE

Cyano Acetic Acid is reacted with Acetic Anhydride and Dimethyl Urea and the resultant product is nitrosated using Sodium Nitrite, then reduced using Iron Acid, later formylated to get Sodium Theophylline. Theophylline is obtained by neutralising Sodium Salt. Caffeine is obtained by reacting with dimethyl sulphate. Chlorination of theophylline will yield 8 Chloro theophylline. Theophylline is reacted with Ethylenediamine to form Aminophylline.

6. GUANINE

Methyl Cyano Acetate is reacted with Sodium Methoxide, Guanidine Nitrate and Sodium Nitrate to form Nitroso compound which is reduced using Raney Nickel Catalyst and then formylated to Guanine

7. HYDANTOIC ACID NITRILE/ OROTIC ACID

Aq. Sodium Cyanide is reacted with Formalin and Ammonium Chloride to get Methylene Amine Acetonitrile which is reacted with Ethanolic HCl to form Amino Acetonitrile Hydrochloride. This is reacted with Sodium Cyanate to get Hydantoic Acid Nitrile.

Hydantoic Acid Nitrile is cyclised using Sodium Hydroxide which is condensed using Glyoxalic acid. This is hydrolysed and rearranged with acid precipitation to yield Orotic Acid.

8. THIOSEMICARBAZIDE

Hydrazine Hydrate is reacted with Ammonium Thiocyanate to form Hydrazinium thiocyanate which is heated in the presence of a catalyst to get Tech. Thiosemicarbazide which is recrystallised to Thiosemicarbazide.

RAW MATERIALS

The entire requirements of raw materials would be met from indigenous supply sources except Chloro Bromo Propane and Glyoxalic Acid. All the materials are freely and adequately available and without any price controls.

The main raw materials used in the manufacture of the Company's products are Acetic Anhydride, Chloro Bromo Propane, Dimethyl formamide, Formamide, Formic Acid, Glyoxalic Acid, Guanidine Nitrate, Methyl Iso Butyl Ketone, Mono Chloro Acetic Acid, Sodium Cyanide, Sodium Cyanate, Sodium Methoxide and Sodium Nitrate, etc.

UTILITIES
WATER

The total requirement of water is about 30000 litres/day which can be met through the existing 3 bore wells.

POWER

The total connected power load is 620 KW. This connected power load would suffice for the expanded level of operations as well. One diesel generating set of 200 KVA is already installed and one more diesel generating set of 200 KVA is being planned for purchase, the cost of which is included in the Cost of Project and provided for in the Means of Finance.

STEAM

The Company has a steam boiler (coal fired) of 2 tons/hour capacity and high pressure diesel fired boiler of 600 kg/hr capacity and both are sufficient for the steam requirements of the company.

MAN POWER

At present the Company has 75 permanent employees including 7 managers, 10 office staff, 25 technical staff, 33 skilled persons.

EFFLUENT TREATMENT PLANT

Acidic and Alkaline effluents are collected from process separately and mixed to adjust pH to neutral. The neutralised effluent is pumped into sedimentation tanks, then into aeration tanks and finally to solar evaporation ponds. The cost to be incurred is given below:

Design and supply of all items for treatment of 60,000 ltrs/day (from Grindwell Norton Limited, Madras)	Rs 8,00,000.00
Civil works for the above plant	Rs. 10,00,000.00
	Rs. 18,00,000.00

SCHEDULE OF IMPLEMENTATION

	Month of commencement	Month of completion
Land acquisition	December, 1994	January, 1995
Civil Works	February, 1995	June, 1995
Plant & Machinery	November, 1994	June, 1995
Erection of equipment	July, 1995	August, 1995
Commissioning	August, 1995	August, 1995
Trial runs	August, 1995	August, 1995
Commercial production	September, 1995	September, 1995

PRODUCTS AND THEIR APPLICATION

The products of the Company are Bulk Drugs and Intermediates.

1. **CYANO ACETIC ACID** is as an intermediate used for wide variety of synthetic medicinals, agrochemicals, dyestuffs, fragrances and ultraviolet absorbers.
2. **THEOBROMINE / 3 METHYL XANTHINE** : 3-Methyl Xanthine is Drug intermediate used in the manufacture of Theobromine. Theobromine is a Drug used as a diuretic and vasodilator, which is also an intermediate used in the manufacture of Pentoxifylline.
3. **PENTOXIFYLLINE** is a bulk drug used as a vasodilator.
4. **MONOETHYL UREA** is an intermediate used in the manufacture of Theobromine. **DIMETHYL UREA** is an intermediate used in the manufacture of Theophylline and Caffeine.
5. **AMINOPHYLLINE & THEOPHYLLINE** are Bulk Drugs used in the treatment of Bronchial Asthma. **CAFFEINE** is a bulk drug used as central nervous system stimulant.
6. **GUANINE** is an intermediate used in the manufacture of Acyclovir which is used as an antiviral drug.
7. **HYDANTOIC ACID NITRILE** is an intermediate used in the manufacture of Orotic Acid. **OROTIC ACID** is a drug used as a growth hormone.
8. **THIOSEMICARBAZIDE** is an intermediate used in organic synthesis of herbicides, pharmaceutical products and dyestuffs.
9. **NITROSO COMPOUND** is an intermediate used in the manufacture of Aminophylline, Theophylline and Caffeine.
10. **8 CHLORO THEOPHYLLINE** is an intermediate for production of Dimenhydrinate, a drug used for motion sickness.

MARKETING AND SELLING ARRANGEMENTS

Indian Patent Act of 1970 recognised the process patents but not the product patents. This enabled domestic industries to have access to new molecules covered by international patents. Thus, the strength of the Indian Drug Industry today is its capability to develop drugs from basic stage.

India, as a signatory to the GATT Agreement, is committed to honour product patents. Accordingly, in the years to come, India would have to attempt to develop product patents or work out any arrangements with original patent holders, lest we will not have access to new molecules, even though our country would have no problem in manufacturing intermediates for any molecules.

In the post GATT scenario, since the fine chemical intermediates used in pharmaceutical, agrochemical, photo chemical and dyestuff industries are outside the product patents, the business opportunities are unlimited in the production of fine chemical intermediates.

As India will be honouring product patents, the multi national companies may be willing to have joint venture or technology transfer with good Indian partners who can produce quality products at most economical price. The average number of intermediates required for each drug will be on an average of 3 to 4, the business opportunities will thus increase that many times.

Another important aspect in a fine chemical intermediate manufacturing is that the product will be used in many applications and hence the scope for future business is many folds.

The infrastructure needed for the intermediates is relatively less compared to bulk drugs due to reduced number of process steps as by and large the equipment will be mostly multi purpose ones.

As the Western markets are hard pressed to cut costs for all the products that are

outside the patents naturally they look out for economical sources for the intermediates from countries like India. Accordingly multi national companies would concentrate on their R & D and end marketing efforts, leaving all/or part of the process to intermediates suppliers in our country.

The Company's thrust is therefore to produce intermediates and fine chemicals meant for exports which may become very large in size of business. The Company is confident that any change in the duty structure for raw material will not be a factor at all for economic price realisation.

DOMESTIC MARKET

The marketing function is handled by the Managing Director, Mr. Jasti Venkateswarlu, who has wide experience and contacts in the pharmaceutical industry. The client list of Suven Pharmaceuticals for its products includes, Cipla, Geoffrey Manners, Natco Labs, Sun Pharmaceuticals, SOL Pharmaceuticals, Cheminor Drugs, etc.

EXPORTS

There would be increasing focus on export markets where Suven Pharmaceuticals has already made headway. As per the Company estimates the exports performance for 1995 is expected to be 65.1% of sales.

The company has already supplied intermediates to Hoechst A.G. Germany, Diamalt GmbH, Germany, Imdukan, Switzerland, Avino Chemicals, Malta and Chemages of Israel in the past and has substantial firm pending orders from them.

Dr. Hargovind Rathore who is a Director helps the company to market its products in U.S.A. in Germany and other EEC countries Midas Pharmachemie, which acts as agents for reputed Global companies like, Abbot Laboratories, U.S.A, Sanofi Chemie, France, Searle Chemicals, U.S.A. Nobel Chemicals, Sweden, will be developing markets for the company.

FUTURE PLANS

The Company proposes to expand its operations by increasing the range and volume of drug intermediates and bulk drugs.

PROSPECTS AND PROFITABILITY

(Rs. in lakhs)

(as per Company's estimates)

	1995 (December)	1996 (December)	1997 (December)	1998 (December)	1999 (December)
Installed capacity (MT)	748.00	748.00	748.00	748.00	748.00
Production (MT)	360.00	441.00	514.00	596.00	649.00
Capacity utilisation %	48.00	59.00	68.00	80.00	87.00
INCOME					
Domestic	468.00	620.00	679.00	730.00	802.00
Exports	927.00	1275.00	1533.00	1703.00	1874.00
	1395.00	1895.00	2212.00	2433.00	2676.00
EXPENDITURE					
Cost of Materials	786.00	1061.00	1233.00	1356.00	1492.00
Mfg. Exps.	95.00	162.00	195.00	215.00	236.00
Personnel Exps.	32.00	40.00	50.00	55.00	61.00
Admn. Exps.	40.00	48.00	58.00	64.00	70.00
Selling Exps.	28.00	48.00	60.00	60.00	60.00
Total Exps.	981.00	1359.00	1596.00	1750.00	1919.00
Operating Profit	414.00	536.00	616.00	683.00	757.00
Interest	71.00	84.00	83.00	91.00	100.00
Depreciation	38.00	38.00	38.00	38.00	38.00
Profit Before Tax	305.00	414.00	495.00	554.00	619.00
Tax	48.00	61.00	66.00	76.00	85.00
Profit After Tax	257.00	353.00	429.00	478.00	534.00
Dividend	48.00	57.60	64.00	80.00	80.00
Retained earnings	209.00	295.40	365.00	398.00	454.00
Equity	320.00	320.00	320.00	320.00	320.00

SUVEN PHARMACEUTICALS LIMITED

EPS in Rs.	8.03	11.03	13.41	14.94	16.70
CEPS in Rs.	9.22	12.22	14.59	16.13	17.89
Reserves	806.00	1101.40	1466.40	1864.40	2318.40
Book value of share in Rs.	35.19	44.42	55.83	68.26	82.45

ASSUMPTIONS

1. Constant prices of products as well as raw materials at presently prevailing rates have been assumed.
2. Depreciation (SLM basis) have been provided at rates currently applicable.
3. Interest for Working Capital has been provided at a rate of 16.5% for cash credit facility and 8% for packing credit.

The following are the assumptions for arriving at working capital requirements:

Raw materials	No. of months (holding period)
Indigenous	2 months
Imported	3 months
Finished goods	1 month
Work in progress	1/2 month
Book debts	
Domestic	1.5 months
Exports	2 months

The margin money has been assumed to be 25% which has been provided for in the means of finance.

The details below show the calculation for Working capital and margin money for the year 1995.

WORKINGS FOR WORKING CAPITAL & INTEREST ESTIMATES:

	1995
Sales	(Rs. in lacs)
Domestic	468.00
Export	927.00
	<u>1395.00</u>
Raw Materials:	
Indigenous	309.00
Imports	477.00
	<u>786.00</u>
Raw Materials:	
Indigenous (2 months)	51.50
Imports (3 months)	119.25
Finished Goods (1 month)	116.98
Work in Process	58.49
Book Debts:	
Domestic (1.5 months)	58.50
Export (2 months)	154.50
	<u>559.22</u>
Less : Margins	140.00
	<u>419.22</u>

4. Accounting policies stated elsewhere are valid for projections as well.

As a matter of abundant caution, the attention of the investors is drawn to the fact that the figures mentioned in the above statements are only indicative and subject to change.

STOCK MARKET QUOTATIONS

The Company is making a public issue for the first time. hence there is no stock market quotations.

JUSTIFICATION FOR PREMIUM

- 1) The company is an existing profit making and dividend paying company.
- 2) The company has made a distinct headway in exports of drug intermediates to quality conscious clients like Hoechst AG, Germany and Poly Organix Inc., U.S.A where the entry barrier is high. Suven Pharmaceuticals has substantial firm pending orders from Hoechst AG, Poly Organix Inc., U.S.A. and D & O Chemicals Inc., U.S.A. aggregating Rs.253 lakhs.
- 3) The company is managed by experienced technocrats and a highly successful professional as a co-promoter.
- 4) Promoters with their associates have brought in Rs.152.70 lakhs (Rs.30.54

lakhs nominal value) at the same premium as the public.

- 5) The Company's earning per share for the year ended 31/12/1994 (annualised) is Rs.5.75 and for the year ended 31/12/1995 (Projected) is Rs.8.03. So the issue price discounts the 1994 earning by 8.70 times and 1995 earnings by 6.2 times which is reasonable compared to the average P/E multiple for a Indian Pharmaceutical Industry of 41.8 (Capital Markets dt.20/11/1994).

Apart from the above, the Company in consultation with the Lead Manager, and the Lead Manager are of the opinion that the premium charged is justified and reasonable.

COMPANIES UNDER THE SAME MANAGEMENT

There is no other listed Company under the same management within the meaning of Section 370 (18) of the Companies Act, 1956.

LITIGATIONS

There is no litigation outstanding against the company which could affect its operations and finances. No criminal prosecution has been launched against the company or its Directors for any criminal offences whatsoever under the enactments specified in paragraph 1 of Part 1 of Schedule XIII of the Act.

There are no pending litigations, disputes, defaults, overdues, to banks/Financial Institutions and proceedings initiated for economic offences against the promoters and companies promoted by them.

DEFAULT

The Company is not in default either in meeting any statutory or institutional dues or towards instrument holders whatsoever.

MATERIAL DEVELOPMENTS

No material developments have taken place since the date of the last balance sheet which could affect the prospects or performance of the company.

INVESTOR GRIEVANCES AND REDRESSAL SYSTEM

The company has evolved the following system of redressing the investor grievances :

- a. The investor shall have to communicate in writing to the Registrars to the issue clearly mentioning the application number and mode of payment marking a copy to the Company.
- b. The Company on receipt of the complaint of the investor shall take up the matter with the Registrars. The company proposes to appoint a full time Company Secretary who will Co-ordinate with the Registrars and shall see to it that the complaint is attended within 15 days.

RISK FACTORS

INTERNAL

1. The profitability projections are based on Company's own estimates.
2. For the purpose of the Public Issue the project has not been appraised by any Bank or Financial Institution and deployment of funds is entirely left to the discretion of the Company.
3. Clearance is yet to be received from the Andhra Pradesh Pollution Control Board for the proposed project.
4. Orders for Plant & Machinery to the extent of Rs.197.00 lakhs, Quality Control Equipment to the extent of Rs. 23.00 lakhs and Effluent Treatment Equipment to the extent of Rs. 8.00 lakhs are yet to be placed.
5. Additional Working Capital limits have been applied for but are yet to be sanctioned.

EXTERNAL

1. Foreign Exchange rate fluctuations could affect export realisation and cost of certain raw materials imports and thus profitability of the company.
2. The Pharmaceutical Industry is highly regulated, hence any change in the Government policies will affect the industry as well as the Company.

MANAGEMENT PERCEPTIONS OF RISK FACTORS :

INTERNAL:

3. An application has been made to the Andhra Pradesh Pollution Control Board for environmental clearance for the proposed project.
4. Suppliers for these Rs.197.00 lakhs worth of Plant & Machinery, Rs. 23.00 lakhs worth of Quality Control Equipment and Rs. 8.00 lakhs worth of Effluent Treatment Equipment have been identified and orders will be placed shortly.
5. An application has been made to State Bank of India, Overseas Branch, Abids, Hyderabad for sanction of additional Working Capital limits.

EXTERNAL

1. Since the Company is a net foreign exchange earner with exports constituting 48% of the turn over for the year ended 31/12/1994, the Company is reasonably protected from foreign exchange rate fluctuations affecting input costs of imported raw materials.
2. The Government policies will not affect the Company significantly since a substantial portion of the turn over is targeted to be exported and also bulk drug intermediates do not come under the purview of Drugs Price Control Order (DPCO).

PART II

I GENERAL INFORMATION

CONSENTS

Consents in writing of the within named, Directors, Auditors, Legal Advisors, Bankers to the Company, Lead managers to the Issue, Bankers to the Issue and Registrars to the Issue to act in their respective capacities have been obtained and filed along with a copy of this prospectus with the Registrar of Companies, Andhra Pradesh, at Hyderabad as required under section 60 of the Companies Act, 1956 and none of them have withdrawn the said consents upto the time of delivery of this prospectus for registration with the Registrar of Companies, Andhra Pradesh, at Hyderabad.

M/s. Kavy & Co., Auditors of the Company, have also given their written consent for the inclusion of their report as appearing herein in the form and context in which it appears in this prospectus and also for the report on tax benefits accruing to the Company and to the members of the Company and such consents and reports have not been withdrawn upto the time of delivery of the copy of this prospectus for registration with the Registrar of Companies, Andhra Pradesh at Hyderabad.

EXPERTS OPINION

No opinion of any expert has been obtained by the Company except as stated in the prospectus.

CHANGE IN DIRECTORS

	APPOINTMENT	RESIGNATION
MR.G.RAMA RAJU	11/12/1989	26/09/1993
MR.M.AJAYA KUMAR	09/01/1995	
DR.HARGOVIND RATHORE	25/11/1994	
MR B.RAI	09/01/1995	

Mr.G.Rama Raju resigned due to other pre-occupations.

CHANGE IN AUDITORS

There has been no change in the Auditors of the Company since inception.

AUTHORITY FOR THE PRESENT ISSUE

Pursuant to Section 81 (1A) of the Act, the present issue has been authorised by a special resolution passed by the shareholders of the Company at the Extra-ordinary General Meeting held on 25/11/1994.

BASIS OF ALLOTMENT

In the event of the present issue of Equity Shares being oversubscribed the basis of allotment shall be on proportionate basis and will be finalised in consultation with the Stock Exchange at Hyderabad in accordance with the relevant guidelines and a SEBI nominated public representative will be associated in the process of allotment.

The allotment shall be subject to allotment in marketable lots, on a proportionate basis as explained below:

- (a) Applicants will be categorised according to the number of shares applied for.
- (b) 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 x number of shares applied for) multiplied by the inverse of the oversubscription ratio.
- (c) Number of shares to be allotted to the successful allottees will 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 oversubscription ratio.
- (d) All the applications where the proportionate allotment works out to less than 100 shares per applicant the allotment shall be made as follows:
 - (i) Each successful applicant shall be allotted a minimum of 100 shares; and
 - (ii) The successful applicants out of the total applicants for that category shall be determined by drawal 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 (b) above.
- (e) If the proportionate allotment to an applicant works out to a number that is more than 100 but is not a multiple of 100 (which is the marketable lot), the number in excess of the multiple of 100 would be rounded off to the higher multiple of 100 if that number is 50 or higher. If that number is lower than 50, it would be rounded off to the lower multiple of 100. All applicants in such categories would be allotted shares arrived at after such rounding off.

- (f) If the shares allocated on a proportionate basis to any category is 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. The balance shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of shares.
- (g) As the process of rounding off to the nearer multiple of 100 may result in the actual allocation being higher than the shares offered, it would be necessary to allow 10% margin i.e. the final allotment may be higher upto 110% of the size of the offering.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY

The subscriptions received in respect of the Public Issue will be kept in a separate bank account, and the Company shall not have access to such funds, unless approvals from all the Stock Exchanges where listing has been proposed, and approval of the (Regional) Hyderabad Stock Exchange for basis of allotment, has been obtained.

The Board reserves its full, unqualified and absolute right to accept or to reject any application in whole or in part and in either case without assigning any reason therefor. In case an application is rejected in full, the whole of the application money received will be refunded and where, an application is rejected in part, the excess of application money received will be refunded to the applicant in terms of Section 73 of the Act.

DISPOSAL OF APPLICATIONS MADE WITH STOCKINVEST

The applications and the accompanying stockinvest will be sent to the Registrars who will arrange for allotment. Once the entitlement for allotment is determined, the Registrars will arrange for presentation of the successful applicants "stockinvest", together with necessary endorsement on the right hand portion to the Company's bankers.

The Company's banker will arrange for collection of the proceeds of the stockinvest.

The Registrars will intimate the investor about the allotment. In the case of non allotment, the Registrars have been authorised by the Company to cancel the Stockinvest and send it back to the investor directly.

ISSUE OF ALLOTMENT LETTERS/REFUNDS

Allotment letters / Share certificates and Refund Orders will be despatched by Regd.Post only within ten weeks of closure of the subscription list. Such refund orders will be payable at par at all centres where applications are accepted. Bank charges, if any, for encashing such instruments, at any other place will be payable by the applicant.

Adequate funds for the above purpose will be made available to the Registrars to the Issue.

ISSUE OF SHARE CERTIFICATES

Equity Share Certificates will be delivered within 3 months from the date of allotment in exchange for allotment letters issued, if any, as per provisions of Section 113 and other relevant provisions of the Act.

INTEREST ON EXCESS APPLICATION MONEY

Payment of interest at the rate upto 15% per annum on the excess application money in respect of the delayed period will be made to applicants as per the guidelines issued by the Ministry of Finance vide their letter no.F-8/6/SE/79 dated 21st July, 1983 as modified vide their letter No.F-14/2/SE/85 dated 27th September, 1985 to the Stock Exchanges.

REGISTERED OFFICE;
Road No.2, Banjara Hills,
Hyderabad - 500 033

WORKS:
Dasaigudem, Suryapet,
Nalgonda District,
Andhra Pradesh.

AUDITORS
Kavy & Company,
6-1-68/2, Saifabad,
Hyderabad - 500 004

COMPANY SECRETARY

The Company does not have full time Qualified Company Secretary as of now.

LEAD MANAGER TO THE ISSUE

21st Century Management
Services Limited,
503, 5th Floor, Model House,
Punjagutta,
Hyderabad - 500 482
Tel : 040 - 220049/319371

REGISTRARS TO THE ISSUE

Karvy Consultants Ltd.,
6-1-68/2, Saifabad,
Hyderabad - 500 004
Tel: 040-242208/242209

BANKERS TO THE COMPANY

State Bank of India,
Overseas Branch,
Abids, Hyderabad - 500 001

LEGAL ADVISOR TO THE COMPANY

Shri K.Krishna Murthy, Advocate
Room No.1, Unity House,
Abids,
Hyderabad - 500 001

BANKERS TO THE ISSUE

BANK OF BARODA
Khairatabad Br.,
Secretariat Road
Hyderabad - 500 004

STATE BANK OF INDIA
Bank Street, Koti,
Hyderabad - 500 195

THE LAXMI VILAS BANK LTD
Bank Street, Koti,
Hyderabad 500 195

and

M/s. KARVY INVESTOR SERVICE CENTRES
As appearing in the application form

BROKERS TO THE ISSUE

Registered members of Recognised Stock Exchanges in India would be eligible to act as Brokers to the Issue.

AUDITORS REPORT

TO

The Board of Directors,
Suven Pharmaceuticals Limited,
 Road No.2, Banjara Hills,
 Hyderabad - 500 033

Dear Sirs

We have verified the Books of accounts of M/s.Suven Pharmaceuticals Limited for the immediately preceding five financial years ended 31st December,1994, being the last financial year upto which accounts have been made up, audited by us and adopted by the members of the Company.

In accordance with the requirements of clause (1) part II of the schedule II of Companies Act, 1956. We report as under:

I. (A) PROFIT AND LOSSES

We report that the profits for each of the four financial years ended 31.3.94 and for the period ended 31.12.94 are as set out below:

(Rs.in lakhs)

	31.03.91	31.03.92	YEAR ENDED 31.03.93	31.03.94	31.12.94
INCOME					
SALES	91.88	149.75	291.56	458.00	463.14
OTHER INCOME	8.80	4.00	7.42	39.85	104.30
VARIATION IN STOCKS	18.00	19.46	62.50	43.74	-58.04
	118.68	173.21	361.48	541.59	509.40
EXPENDITURE					
MATERIALS & MFG.EXP.	116.38	115.61	272.24	384.22	321.92
OTHER EXPENDITURE	13.67	23.60	43.98	54.48	60.27
INTEREST	18.68	30.27	38.17	50.25	27.83
DEPRECIATION	5.34	6.18	6.38	9.78	11.00
	154.07	175.66	360.77	498.73	421.02
PROFIT/(LOSS)BEFORE TAX	-35.39	-2.45	.71	42.86	88.38
LESS : PROVISION FOR TAX	-	-	-	-	-
PROFIT/(LOSS) AFTER TAX	-35.39	-2.45	.71	42.86	88.38

(B) ASSETS AND LIABILITIES

We further report that the Assets and Liabilities of the Company as at 31st March, 1991, 1992, 1993, 1994 and 31st December, 1994 are set out below. The assets and liabilities have been arrived at after making such regroupings/adjustments as are in our opinion appropriate and are to be read with the notes given below:

(Rs.in Lakhs)

	31.03.91	31.03.92	YEAR ENDED 31.03.93	31.03.94	31.12.94
I. SOURCES OF FUNDS					
1. SHAREHOLDERS FUNDS					
A. SHARE CAPITAL INCLUDING SHARE APPLICATION MONEY	55.99	75.09	103.73	162.89	207.00
B. RESERVES & SURPLUSES	-	-	-	5.72	136.81
2. LOAN FUNDS					
A. SECURED LOANS	156.05	215.85	282.62	271.20	223.41
B. UNSECURED LOANS	7.56	8.85	8.15	-	-
TOTAL	219.60	299.79	394.50	439.81	567.22
II. APPLICATION OF FUNDS					
1. FIXED ASSETS					
A. GROSS BLOCK	121.09	128.58	147.69	278.45	282.71

SUVEN PHARMACEUTICALS LIMITED

B. LESS:DEPRECIATION	5.42	11.60	17.80	27.26	38.26
C. NET BLOCK	115.67	116.98	129.89	251.19	244.45
D. CAPITAL WORK IN PROGRESS	—	7.45	57.74	—	57.58
	115.67	124.43	187.63	251.19	302.03
2. CURRENT ASSETS,LOANS AND ADVANCES					
A. INVENTORIES	46.52	113.77	182.79	235.30	169.22
B. SUNDRY DEBTORS	31.86	29.05	42.64	49.70	91.91
C. CASH & BANK BALANCE	1.15	4.43	7.28	11.86	12.13
D. LOANS & ADVANCES	7.73	29.48	21.64	64.82	157.38
	87.26	176.73	254.35	361.68	430.64
3. CURRENT LIABILITIES & PROVISIONS	18.92	39.37	84.72	173.11	198.67
NET CURRENT ASSETS	68.34	137.36	169.63	188.57	231.97
4. MISC.EXPENSES	35.59	38.00	37.24	.05	33.22
TOTAL	219.60	299.79	394.50	439.81	567.22

NOTES:

1. Authorised Capital of the Company is Rs.5,00,00,000 divided into 50,00,000 Equity Shares of Rs.10/- each. During the financial year 1993-94 the Equity Shares of Rs.100/- are divided into 10 Equity Shares of Rs.10/- each.
2. The Company is providing depreciation on Fixed Assets on straight line method at the rates prescribed as per Schedule XIV of the Companies Act,1956.
3. Estimated amount of contracts remaining to be executed on Capital account and not provided for Rs.1,08,97,162/-
4. Counter guarantee executed by the company in connection with the Letters of Credit and Bank guaranty extended by the company's Bankers : Rs.67,57,342/
5. Term loans from APSFC & APIDC are secured by first charge on land & buildings, plant & machinery and personal guarantees of Directors and working capital advances are secured by first charge on raw materials, stock in process, finished goods and book debts.
6. The balances of sundry debtors and creditors are subject to confirmation/reconciliation and the adjustments, if any, will be accounted for in the year of reconciliation.
7. Stocks have been valued and certified by the Management of the company.
8. Capital work-in-progress amounting to Rs.57.58 lakhs has been incurred by the company towards the New Project up to 31st December, 1994.
- III. We have verified the Books of Accounts of M/s.Suven Pharmaceuticals Limited, Road No.2, Banjara Hills, Hyderabad and certify that during the five financial years ended 31st December, 1994, the dividends (subject to deduction of tax) declared by the company were as follows:

	31.03.91	31.03.92	YEAR ENDED 31.03.93	31.03.94	31.12.94
NO OF EQUITY SHARES	43990	43990	43990	191460	2050000
NOMINAL VALUE (IN LACS)	43.99	43.99	43.99	191.46	205.00
RATE OF DIVIDEND	-	-	-	-	12%
AMOUNT (RS.IN LAKHS)	-	-	-	-	11.46

Place: Hyderabad

Date : 11.01.95

 for KARVY & COMPANY
Chartered Accountants

 sd/xxx
V.KUTUMBA RAO
PARTNER

WORKING CAPITAL ARRANGEMENTS

The existing working capital facilities availed from State Bank of India, Overseas Branch, Abids are given below:

Facility	Rs.in lakhs
Cash Credit (Hyp)	150.00
Foreign usance bills discounting	125.00
Letters of Credit	110.00
Bank Guarantees	10.00

The Company has applied for additional working capital limits of Rs.145.00 lakhs (fund based) and Rs.120.00 lakhs (non-fund based) which in the Board's opinion are adequate to meet the company's enhanced requirements. The application has been made to the State Bank of India, Overseas branch, Abids, Hyderabad vide company's letter dated 09/01/1995.

III. STATUTORY AND OTHER INFORMATION

MINIMUM SUBSCRIPTION

The minimum amount which, in the opinion of the Board, must be raised by this issue of equity shares in order to provide for the sums required in terms of the Act is Rs.517.50 lakhs being the 90% of the entire issue of 11,15,000 equity shares of Rs.10/- for cash at a premium of Rs.40/- per share.

The Board will proceed to make allotment on receipt of Rs.517.50 lakhs being application money in respect of the equity shares now being offered. If the Company does not receive the minimum subscription of 90% of the issue amount within 60 days from the date of closure of the issue, the Company shall forthwith refund the entire subscription amount received. For delay beyond 78 days, if any in refund of such subscription the company shall pay interest as per Section 73 of the Companies Act.

EXPENSES OF THE PRESENT ISSUE

The total expenses of the present issue such as fees to the Registrars to the Issue, stamp duty, printing, distribution and publication expenses, auditors' fees, registration fees, legal charges, advertising expenses and other miscellaneous expenses are estimated at Rs.34 lakhs including the mandatory costs such as brokerage, fees payable to the Lead Manager to the Issue, statutory announcement costs and listing fees and will be met by the company out of the proceeds of this issue.

FEES PAYABLE TO THE LEAD MANAGER TO THE ISSUE

Fees payable to the Lead Manager to the Issue, namely, 21st Century Management Services Limited is Rs.4.00 lakhs.

FEES PAYABLE TO THE REGISTRARS TO THE ISSUE

Fees payable to the Registrars to the Issue will be Rs.3.50 per allottee and Rs.2.50 per non-allottee and Rs.4.00 per application accompanied by Stockinvest instruments. Out of pocket expenses will be reimbursed at actuals.

UNDERWRITING COMMISSION

No underwriting commission is payable since the issue is not underwritten.

BROKERAGE

Brokerage will be paid by the Company at the rate of 1.5% on the issue price of equity shares on the basis of allotment made against applications bearing the stamp of members of any recognised Stock Exchange in India in the broker's column. Brokerage at the same rate will also be payable to the bankers to the issue in respect of allotments made against applications procured by them provided the application forms bear their respective stamps in the broker's column. No brokerage will be paid in respect of equity shares which may be allotted to employees of the Company. However, in the event of undersubscription of the employees' quota, brokerage will be payable in respect of equity shares added to the public offer out of the said quota.

PREVIOUS COMMISSION AND BROKERAGE

Except as stated in this prospectus, no sums have been paid or are payable as commission or brokerage to any person for subscribing to or procuring or agreeing to subscribe or procure subscription for any shares in or debentures of the Company since the date of incorporation of the company.

PREVIOUS ISSUES

The Company has not issued any shares to the public since the date of its incorporation.

PREVIOUS PUBLIC OR RIGHTS ISSUE

Except as stated in this prospectus, the Company has not issued any shares since the date of its incorporation through prospectus.

ISSUE AT A PREMIUM OR DISCOUNT

Except as stated earlier in this prospectus, no shares or debentures of the Company have been issued at a premium or at discount since its incorporation, nor does the Company presently propose to issue any shares or debentures at a premium or at discount.

ISSUE OTHERWISE THAN FOR CASH

The Company has not issued any equity shares for consideration other than for cash.

CLASSES OF SHARES

The Authorised Share Capital of the Company is Rs. 5,00,00,000.00 crores divided into 50,00,000 equity shares of Rs.10/- each. There is no other class of shares in

the company.

PREFERENCE SHARES AND DEBENTURES

The Company has not issued any preference shares, debentures or debenture stock since its incorporation.

OPTION TO SUBSCRIBE

Save as otherwise stated in the prospectus, the Company has neither entered into nor does it at present propose to enter into any contract or arrangements whereby any option or preferential right of any kind has been or is proposed to be given to any person to subscribe for any shares in or debentures of the Company.

PURCHASE OF PROPERTY

Save in respect of any property acquired as mentioned elsewhere in this prospectus, there is no property which the Company has purchased or acquired or proposes to purchase or acquire any property in which any of its Promoters or Directors had or have any direct or indirect interest or from any other vendor which is to be paid for wholly or partly out of the proceeds of the present issue or the purchases or acquisition of which has not been completed on the date of issue of this prospectus other than property;

1. the contract for the purchase or acquisition whereof was entered into in the ordinary course of the Company's business, the contract not being made in contemplation of this issue nor this issue in consequence of such contract.
2. In respect of which the amount of purchase money is not material.

IV. MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

NUMBER OF DIRECTORS

Articles 93 & 94 provide that:

93. Unless and otherwise determined by Special resolution, the number of Directors of the Company shall not be less than three nor more than twelve, including Special, Technical, Nominated, Alternate, Additional, co-opted Executive, Administrative and debenture Directors, if any.
94. Not less than two thirds of the total number of Directors shall be persons whose period of office is liable to determination by retirement of Directors by rotation.

SHARE QUALIFICATION OF DIRECTORS

Article 99 provides that:

99. Unless otherwise determined by the Company in General Meeting a Director shall not be required to hold any share as his qualification.

REMUNERATION OF DIRECTORS

Articles 100, 101 and 133 provide that:

- 100.a) The remuneration of a Director for his service for attending a Board Meeting or a meeting of committee of the Board shall be the sum for each meeting attended by him or may be fixed by the Directors from time to time subject to the provisions of Sec.309 & 310 of the Act.
 - b) All other remuneration, if any, payable by the Company to each Director, whether in respect of his services as a Managing Director or a Director in the whole or part time employment of the Company shall be determined in accordance with and subject to the provisions of these Articles and of the Act.
 - c) The Directors shall be entitled to be paid their reasonable travelling and hotel and other expenses incurred in consequence of their attending Board and Committee Meetings or otherwise incurred in the execution of their duties as Directors.
101. If any Director, being willing, shall be called upon to perform extra services or to make any special exertions in going or residing away from his place of residence for the Company or as a member of Committee of the Board, then, subject to sections 198, 309, 310 and 314 of the Act, the Board may remunerate the Director so doing by a fixed sum or by a percentage of profits or otherwise and such remuneration to which he may be entitled.

133. Subject to the provisions of Sections 309, 310 and 311 of the Act, a Managing Director shall, in addition to the remuneration payable to him as a Director of the Company under these Articles, receive such additional remuneration as may from time to time be sanctioned by the Company.

ADDITIONAL DIRECTORS

Article 98 provides that:

98. The Board shall have power, at any time and from time to time, to appoint any person as a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed

by these Articles. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for election.

APPOINTMENT OF ALTERNATE DIRECTORS

Article 117 provides that:

117. The Board may appoint any person to act as alternate Director for a Director during the latter's absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he hold office as an alternate Director, shall be entitled to notice of meeting of the Board and to attend and vote there at accordingly, but he shall not require any share qualification, if any, and shall ipso facto vacate office if and when the absent Director returns to the state in which meetings of the Board are ordinarily held or the absent Director vacates office as a Director.

APPOINTMENT OF MANAGING DIRECTORS/WHOLETIME DIRECTORS

Articles 97 provides that

- 97. a) Notwithstanding anything contained in any other clause in this Articles of Association, so long as Mr. Jasti Venkateswarlu and his associates hold or continue to hold not less than 34% (Thirty Four percent) of the paid-up Equity Share Capital of the Company, from time to time, Mr. Jasti Venkateswarlu shall have the right to nominate one third of the total number of Directors as Directors on the Board, and to nominate other or others in their place; the Company and the Board shall be bound by such nominations. Such directors nominated by Mr. Jasti Venkateswarlu shall not be required to retire by rotation.
- b) Subject to the provisions of the Act, the Board shall have power to appoint from time to time one or more of their body to the office of Managing Director or whole-time Director for such period and such terms as they deem fit, such period not exceeding five years at a time. The Director so appointed shall not, whilst holding such office, be subject to retirement by rotation.
- c) Mr. Jasti Venkateswarlu, being one of the promoters shall have the right to nominate first Managing Director, subject to the approval of the Board.
- d) The Board may by rotation vest in such Managing Director such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be exercisable for such period or periods and upon such conditions and subject to such restrictions as the Board may determine. The remuneration of the Managing Director or Whole-time Director may be by way of monthly payment, participating in profits or by either or both of these modes or any other mode not expressly prohibited by law.

PRESENT MANAGING DIRECTOR AND HIS TERMS OF APPOINTMENT

Mr. Jasti Venkateswarlu has been appointed as Managing Director of the company by Board of Directors at their meeting held on 04/01/95 for 5 years with effect from 04/01/95 which has been ratified by the members at their Annual General Meeting held on 09/01/1995 on the following terms and conditions under schedule XIII.

TERMS OF APPOINTMENT

- 1) Salary :-
Rs. 40,000 per month
- 2) Perquisites:
Perquisites listed below restricted to an amount not exceeding the annual salary.

CATEGORY A

- i) **HOUSING**
 - a) The expenditure by the Company on hiring furnished accommodation for the Managing Director will be subject to the ceiling of fifty percent of the salary, over and above ten per cent payable by the Managing Director: or
 - b) In case the accommodation owned by the Company is provided, ten per cent of the salary of the Managing Director shall be deducted by the Company: or
 - c) In case no accommodation is provided by the Company, the Managing Director shall be entitled to house rent allowance, subject to the ceiling laid down in Clause (a) herein above.
- ii) **Medical Reimbursement**
Expenses incurred for self and his family, subject to a ceiling of one month's

salary in a year or three month's salary over a period of three years.

iii) **Leave Travel Concession**

Leave travel concession for self and his family once in a year to and from any place in India, subject to the condition that only actual fare shall be reimbursed.

iv) **Club Fees**

Fees in respect of two clubs to be borne by the Company but not the admission or life membership fees payable to the clubs.

v) **Personal Accident Insurance**

Accident insurance for an amount the premium for which shall not exceed Rs. 4,000 per annum.

Explanation: For the purpose of category - A, 'Family' means the spouse, dependent children and dependent parents of the Managing Director.

CATEGORY -B

i) **Provident Fund:**

The Company's contribution to Provident Fund, as per rules of the Company, subject to a ceiling of ten per cent of the salary.

Contribution to Provident Fund will not be included in the computation of the ceiling on perquisites to the extent it is not taxable under the Income Tax Act, 1961.

ii) **Gratuity**

Gratuity not exceeding one-half month's salary for each completed year of service, subject to a ceiling of Rs. 1,00,000.

Category-C

i) **Motor Car:**

Free use of car with driver for the company's business, all the expenditure in connection therewith being borne by the Company.

ii) **Telephone and Fax:**

Free telephone and fax facility at the residence.

Explanation: Provision of car for use on the Company's business and telephone at residence would not be considered as perquisites. Personal distance calls on telephone and fax and use of car for private purpose would be billed to the Managing Director by the Company and reimbursed by him to the Company.

OTHER TERMS

i) **Earned Leave:**

One month's leave with full pay and allowances for every completed 11 month's service. However, leave accumulated and not availed of during his tenure as Managing Director may be allowed to be encashed at the time of retirement as per rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

ii) **Reimbursement of Expenses:**

Reimbursement of travelling, entertainment and other expenses incurred by him during the course of the business of the Company.

iii) **Sitting Fees:**

He is not entitled to sitting fees for attending meetings of the Board or of a Committee thereof.

iv) **Termination Clause:**

The appointment shall be terminable by the company giving to the Managing Director a notice of three months of such termination or on payment of three months' salary in lieu thereof and by the Managing Director by notice of three months to the company.

Other conditions:

- a) If during the currency of tenure of the Managing Director, the Company has no profits or its profits are inadequate in any financial year, the Managing Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified above.
- b) For all other terms and conditions not specifically spelt out above, the Rules and Orders of the Company shall apply.

TERMS OF APPOINTMENT OF WORKING DIRECTOR

Smt. Jasti Sudha Rani has been appointed as Working Director of the Company by Board of Directors at their meeting held on 04/01/1995 for 5 years with effect from 04/01/1995 which has been ratified by the members at their Annual General Meeting held on 09/01/1995 on the following terms and conditions under Schedule XIII.

TERMS OF APPOINTMENT

- 1) Salary :
Rs. 10,000 per month
- 2) Perquisites:
Perquisites listed below restricted to an amount not exceeding the annual salary.

CATEGORY A

- i) **HOUSING**
 - a) The expenditure by the Company on hiring furnished accommodation for the Working Director will be subject to the ceiling of fifty percent of the salary, over and above ten per cent payable by the Working Director; or
 - b) In case the accommodation owned by the Company is provided, ten per cent of the salary of the Working Director shall be deducted by the Company; or
 - c) In case no accommodation is provided by the Company, the Working Director shall be entitled to house rent allowance, subject to the ceiling laid down in Clause (a) herein above.
- ii) **Medical Reimbursement**
Expenses incurred for self and her family, subject to a ceiling of one month's salary in a year or three month's salary over a period of three years.
- iii) **Leave Travel Concession**
Leave travel concession for self and her family once in a year to and from any place in India, subject to the condition that only actual fare shall be reimbursed.
- iv) **Club Fees**
Fees in respect of two clubs to be borne by the Company but not the admission or life membership fees payable to the clubs.
- v) **Personal Accident Insurance**
Accident Insurance for an amount the premium for which shall not exceed Rs. 4,000 per annum.

Explanation: For the purpose of category - A, 'Family' means the spouse, dependent children and dependent parents of the Working Director.

CATEGORY - B

- i) **Provident Fund:**
The Company's contribution to Provident Fund, as per rules of the Company, subject to a ceiling of ten per cent of the salary.

Contribution to Provident Fund will not be included in the computation of the ceiling on perquisites to the extent it is not taxable under the Income Tax Act, 1961.
 - ii) **Gratuity**
Gratuity not exceeding one-half month's salary for each completed year of service, subject to a ceiling of Rs. 1,00,000.
- Category-C**
- i) **Motor Car:**
Free use of car with driver for the company's business, all the expenditure in connection therewith being borne by the Company.
 - ii) **Telephone and Fax:**
Free telephone and fax facility at the residence.

Explanation: Provision of car for use on the Company's business and telephone at residence would not be considered as perquisites. Personal distance calls on telephone and fax and use of car for private purpose would be billed to the Working Director by the Company and reimbursed by her to the Company.

OTHER TERMS

- i) **Earned Leave:**
One month's leave with full pay and allowances for every completed 11 month's service. However, leave accumulated and not availed of during her tenure as Working Director may be allowed to be encashed at the time of retirement as per rules of the Company. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.
- ii) **Reimbursement of Expenses:**
Reimbursement of travelling, entertainment and other expenses incurred by her during the course of the business of the Company.
- iii) **Sitting Fees:**
She is not entitled to sitting fees for attending meetings of the Board or of a Committee thereof.
- iv) **Termination Clause:**
The appointment shall be terminable by the company giving to the Working Director a notice of three months of such termination or on payment of three months' salary in lieu thereof and by the Working Director by notice of three months to the company.

Other conditions:

- a) If during the currency of tenure of the Working Director, the Company has no profits or its profits are inadequate in any financial year, the Working Director shall be entitled to remuneration by way of salary and perquisites not exceeding the limits specified above.
- b) For all other terms and conditions not specifically spelt out above, the Rules and Orders of the Company shall apply.

WHOLE-TIME DIRECTOR

Mr. M. Ajay Kumar has been co-opted as additional director and appointed as Whole-time Director of the Company by the Board of Directors at their meeting held on 09.01.95. without any remuneration under Schedule XIII. Members' permission will be obtained in the next Annual General Meeting.

NOMINATION OF DIRECTORS BY FINANCIAL INSTITUTIONS

Article 96 provides that:

96. If and so long as the Company is indebted to any financial institution, bank, corporation or any other statutory body, or if the Company has entered into any obligation with any such institution, bank, Corporation or body in relation to any financial assistance by way of loan advanced to the Company or guarantee given of any such institution, bank, corporation or body remains a member of the Company, the Board, may agree that such institution, bank, corporation or body shall subject to the provisions of Section 255 of the Act and to the extent agreed by the Board, jointly and severally be entitled, from time to time, to appoint one or more persons to be a Director and appoint any other person or persons to be a Director or Directors of the Company and to remove any such Director or Directors and appoint any other persons to be a Director or Directors in his place or their places and to fill any vacancy, otherwise occurring in the office of such Director or Directors. The Director or Directors so appointed shall not, subject to the provisions of Section 255 of the Act and to the extent agreed by the Board, be liable to retirement by rotation. Such Directors shall be entitled to attend the General Meetings of the Company.

MANAGING DIRECTORS

Articles 131, 132 and 134 provide that:

131. Subject to the provisions of Section 269, 316 and 317 of the Act, the Board may, from time to time, appoint one or more Director or Directors to be Managing Director or Managing Directors of the Company, for a fixed term for which he or they is or are to hold such office, and may, from time to time (subject to the provisions of any contract between him or them and the Company), remove or dismiss him or them from office and appoint another or others in his or their place or places.
132. a) Subject to the provisions of Section 255 of the Act, Managing Directors shall not, while he continues to hold that office, be subject to retirement by rotation, and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement Directors or in fixing the number of Directors to retire, but (subject to the provisions of any contract between him and the Company) he shall be subject to the same provisions as to resignation and removal as the other Directors, and he shall ipso facto and immediately, cease to be a Managing Director, if he ceases to hold the office of Director for any cause.

- b) If any time the total number of Managing Directors is more than one third of the total number of Directors, the Managing Directors who shall not retire shall be determined by and in accordance with their respective seniorities, for the purpose of this Article. The seniorities of the Managing Directors shall be determined by the date of their respective appointments as Managing Directors by the Board.

134. Subject to the provisions of the Act in particular to the prohibitions and restrictions contained in section 292 thereof, the Board may, from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under those provisions by the Board as it may think fit, and may confer such powers for such time, and to be exercised for such objects and powers, and upon such terms and conditions, and with such restrictions as it thinks fit, and the Board may confer such powers, either collaterally with, or to the exclusion if, and in substitution for all or any of the powers of the Board in that behalf, and may, from time to time, revoke, withdraw, alter or vary all or any of such powers.

BORROWING POWERS

Articles 64 to 68 provide that

64. The Board may, from time to time, at its discretion, subject to the provisions of Sections 292, 293 and 370 of the Act, raise or borrow, from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company; in General Meeting borrow any sum of money which together with 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, for the time being, of the paid-up capital of the Company and its free reserves, that is to say reserves not set aside for any specific purpose.
65. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular, by the issue of bonds, perpetual redeemable debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the of the Company (both present and future) including its uncalled Capital for the time being.
66. Any debentures, debenture-stock, bonds, or other securities may be issued at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise. Debentures, debenture-stock, bonds and other securities may be made assignable free from any equities between the Company and the persons to whom the same may be issued.
- Debentures, debenture-stock, Bonds or other securities with a right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.
67. Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferor and transferee has been delivered to the Company together with the certificate of the debentures.
68. If the Board refuses to register the transfer of any debentures of the Company it shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and to the transferor notice of the refusal.

POWERS OF THE BOARD

Article 129 (i) provides that:

- 129.i) Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers, and to do all such acts and things as the Company is authorised to exercise and do. Provided that the Board shall not exercise any power or do any act or thing which is directed or required, whether by the Act or any other statute or by the Memorandum of the Company or by these Articles or otherwise, to be exercised or done by the Company in General Meeting. Provided further that in exercising any such power or doing any that behalf contained in the Act or any other statute or in the Memorandum of the Company or in these Articles, or in any regulations not inconsistent therewith and duly made thereunder including regulations made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

VOTING RIGHTS AND RESTRICTIONS THEREON

Articles 82 to 92 provide that:

82. Subject to any special conditions of restriction as to voting upon which any shares may be issued or may for the time being, be held, on a show of hands, every member present in person shall have one vote, and on a poll every

member present in person or by proxy shall have one vote for every share held by him in respect of which he is entitled to vote provided that the voting rights of the holder of any share issued at any time after the date of adoption of the Articles shall be as specified in Section 87 of the Act.

Provided that no Company or body corporate being a member of the Company shall vote by proxy unless a resolution of its Board of Directors under the provisions of Section 187 of the Act is in force and the representative in such resolution is present at the General Meeting at which the vote by proxy is tendered.

83. Where a Company or a body corporate (hereinafter called 'member company) is a member of the Company, a person duly appointed by resolution in accordance with the provision of section 187 of the Act, to represent such member company at meeting of the company, shall not, by reason of such appointment, be deemed to be a proxy, and the lodging with the Company at the office or production at the meeting of a copy of such resolution duly signed by one Director of such member company and certified by him or them as being a true copy of the resolution shall, on production at the meeting, be accepted by the Company as sufficient evidence the same rights and powers, including the right to vote by proxy on behalf of the member company which the represents, as that member company could exercise if it were an individual member.
84. If any member be a lunatic, idiot or non-composed he may vote whether on a show of hands or on a poll by his Committee, curator bonis or other legal curator and such last mentioned person may give his vote, by proxy provided that fortyeight hours atleast before the time of holding the meeting or adjourned meeting as the case may be, at which any person proposes to vote, he shall satisfy the Board of his right under the Transmission Article to transfer the shares in respect of which he proposes to exercise his right under the Article unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.
85. Where there are joint registered holders of any share, any one of the such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto; and if more than one of such joint-holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name stands first on the Register in respect of such share alone shall be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share is registered shall for the purpose of this Article be deemed joint-holders thereof.
86. On a poll votes may be given either personally or by proxy, or in the case of a body corporate, by a representative duly authorised as aforesaid.
87. a) The instrument appointing a proxy shall be in writing under the hand of the appointer or his Attorney duly authorised in writing or if such appointer is a body corporate be under its common seal or the hand of its officer or Attorney duly authorised. A proxy who is appointed for a specified meeting only shall be called Special Proxy. Any other shall be called a General Proxy.
- b) A person may be appointed a proxy if he is not member of the Company and every notice convening a meeting of the Company shall state this; that a member entitled to attend and vote at the meetings is entitled to appoint a proxy to attend and vote instead of him.
88. This instrument appointing a proxy and the power of Attorney or other authority (if any) under which it is signed, or notarially certified copy of that power of authority, shall be deposited at the office not less than fortyeight hours before the time for holding the meeting at which the person named in the instrument purports to vote in respect thereof and in default the instrument of Proxy shall not be treated as valid.
89. A vote in accordance with terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument, or transfer of the share has been received by the Company at the office before the vote is given; provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.
91. No member shall be entitled to exercise any voting rights either personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or regard to which the Company has exercised any right of lien.
92. a) Any objection as to the admission or rejection of a vote, either on a show of hands, or on a poll made in due time, shall be referred to the Chairman, who shall forthwith determine the same, and such determination made in good faith shall be final and conclusive.
- b) No objection shall be raised to the qualification of any voter except at the

meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes.

MODIFICATION OF RIGHTS

Article 63 provides that:

63. If at any time the Share Capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may whether or not the company is being wound up, be varied with the consent in writing of the holders of three fourths 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. To every such separate Meeting the provisions of these articles relating to general meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one third of the issued shares of that class but so that if at any meeting those members who are present shall be a quorum and that any holder of shares of that class present in person or by proxy may demand a poll and, on a poll, shall have one vote for each of the class of which he is the holder. This article is not by implication to curtail the power of modification which the Company would have if this Article were omitted. The Company shall comply with the provisions of Sections 192 of the Act as to forwarding a copy of any such agreement or resolution to the Registrar.

FORFEITURE AND LIEN

Articles 25 to 38 provide that :

- 25. If any member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same, the Board may, at any time thereafter during such time as the call or instalment remains, unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued by the Company by reason of such non-payment.
- 26. The Notice shall name a day (not being less than fourteen days from the date of the Notice) and a place on and which such call or instalment and such interest are to be paid. The Notice shall also state that in the event of non-payment at or before the time, and at the place appointed the shares in respect of which such call was made or instalment payable will be liable to be forfeited.
- 27. If the requisitions of any such Notice as aforesaid be not complied with, any shares in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments, interest be forfeited by a resolution of the Board to that effect.
- 28. When any shares shall have been so forfeited, notice of the resolution shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make such entry as aforesaid.
- 29. Any share so forfeited shall be deemed to be the property of the Company and the Board may sell re-allot or otherwise dispose of the same in such manner as it thinks fit.
- 30. The Board may, at any time before any share so forfeited shall have been sold re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.
- 31. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall, notwithstanding, remain liable to pay, and shall forthwith pay to the Company, all calls, or instalment, interest and expenses, owing upon or in respect of such share, at the time of forfeiture together with interest thereof, without any deduction or allowance for the value of the shares at the time of forfeiture, but shall not be under any obligation to do so.
- 32. A duly verified declaration in writing that the declaration by a Director or Secretary of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration in, if any, title to such shares; and the person to whom any such share is sold be registered as a holder of such share and shall not be bound to see to the application of the purchase money, nor shall his title to such share be affected by any irregularity in the proceedings in reference to such forfeiture, sale or disposition.
- 33. The Provision of Articles 25 to 32 hereof shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of a share or by way of premium, as if the same had been payable by virtue of a call duly made and

notified.

- 34. The Company shall have a first and paramount lien upon every share not being fully paid up registered in the name of the name of each member (whether solely or jointly with others), and upon the proceeds of sale there of for moneys called or payable at a fixed time in respect of such shares whether the time for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except on the footing and condition that Article 16 hereof is to have full effect. Such lien shall be extended to all dividends from time to time declared in respect of such shares unless otherwise agreed, the registration of transfer of a share operate as waiver of the Company's lien, if any on such share the Directors may at any time declare any shares wholly or partly to be exempt from the provisions of this clause.
- 35. For the purpose of enforcing such lien the Board may sell the share subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executor or the case may be and default shall have been made by him or them in the payment of the moneys called or payable at a fixed time in respect of such share for seven days after the date of such notice.
- 36. The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which lien exists as is presently payable, and the residue, if any, shall (subject to a like sum or sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the share at the date of the sale.
- 37. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the share sold any cause the purchaser shall not be bound to see to the regularity of the proceedings, not to the application of the purchase money and after his name has been entered in the Register in respect of such shares the validity of the sale shall not be impeached by any person, and the remedy of any person arrived by the sale shall be in damages only and against the company exclusively.
- 38. Where any share under the powers in that behalf herein contained is sold by the Board and the certificate in respect thereof has not been delivered up to the Company by the former holder of such shares. The Board may issue a new certificate for such shares distinguishing it in such manner as if may think fit from the certificate not so delivered up.

TRANSFER AND TRANSMISSION OF SHARES

Articles 39 to 51 provide that:

- 39. Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferee has been delivered to the Company within the time prescribed by Section 108, together with the certificate or if no such certificate is in existence, the Letter of Allotment of the Share. The transferor shall be deemed to remain the holder of such shares until the name of the transferee is entered in the register in respect thereof. Each signature to such transfer shall be duly attested by the signature of one witness who shall add his address.
- 40. Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that where such application is made by the transferor, no registration shall, in the case of a partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act, and subject to the provisions of these Articles, the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.
- 41. Every instrument of transfer of any share shall be in writing in the prescribed form, and in accordance with the provisions of Section 108 of the Act.
- 42. Subject to the provisions of Section 111 of the Act, and Section 22A of Securities Contract (Regulation) Act, 1959), the Board, without assigning any reason for such refusal, may, within one month from the date on which the instrument of transfer was delivered to the Company, refuse to register any transfer of a share upon which the Company has a lien and, in case of shares not fully paid-up the Board may refuse to register to a transferee of whom it does not approve, provided that the registration of transfer of a share 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.

43. No transfer shall be made to a minor or person of unsound mind.
44. Every instrument of transfer shall be left at the office of registration, accompanied by the Certificate of the Share to be transferred or, if no such certificate is in existence, by the Letter of Allotment of the Share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer shall be retained by the Company, but any instrument of transfer which the Board may refuse to register shall be returned to the persons depositing the same.
45. If the Board refused whether in pursuance of Article 42 or otherwise to register the transfer of any share, the company shall, within one month from the date on which the instrument of transfer, was lodged with the Company, send to the transferee and the transferor of notice of the refusal.
46. No fee shall be charged for the registration of transfer, grant of probate, grant of letter of administration, certificate of the death or marriage, power of attorney, letters of allotment and for split, sub-division of renounceable letter of right or other instrument.
47. The executor or administrator of a deceased (not being one of several joint-holders) shall be the only person recognised by the Company as having any title to the share registered in the name of such member, and, in case of the death of any one or more of the registered joint-holders of any share, the survivor shall be the only person recognised 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 the share held by him jointly with any other person. Before recognising any executor or administrator, the Board may require him to obtain a Grant of Probate or Letters of Administration or other legal representation, as the case may be, from a competent Court in India and having effect in A.P. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or Letters of Administration or such other legal representation, such terms as to indemnity or otherwise as the Board, in its absolute discretion, may consider adequate.
48. Any committee or guardian of a lunatic member or any person becoming entitled to hold or to transfer a share in consequence of the death or bankruptcy of insolvency of any member upon producing such evidence that sustains the character in respect of which he proposes to act under this Article or of his title as the Board thinks sufficient, may, with the consent of the Board (which the Board shall not be bound to give) be registered as a member in respect of such share, or may, subject to the regulations as to transfer herein before contained, transfer such share. This Article is hereinafter referred to as "The Transmission Article".
49. a) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a Notice in writing signed by him stating that he so elects.
- b) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.
- c) All the limitations, restrictions and provisions of these Articles relating to the right of transfer and the registration of instrument of transfer of a share shall be applicable to any such notice of transfer as aforesaid as if the death, lunacy, bankruptcy or insolvency of the member had not occurred and the notice of transfer were a transfer signed by that member.
50. A person so becoming entitled under the Transmission Article to a share by reason of the death, lunacy, bankruptcy or insolvency of the holder shall, subject to the provisions of Article 84 and of Section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the share.
51. Provided that the Board may at any time given notice requiring any such person to elect either to be register himself or to transfer the share 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 in respect of the share, until the requirements of the notice have been complied with.

RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS

Articles 143 to 158 provide that

143. Subject to the rights of members entitled to shares (if any) with preferential or special rights attached thereto the profits of the Company which it shall from time to time be determined to divide in respect of any year or other period shall be applied in the payment of a dividend on the equity shares of the company but so that partly paid up shares shall only entitle the holder with respect thereof to such a proportion of the distribution upon a fully

paid up share as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not rank for dividends or confer a right to participate in profit.

144. The Company in Annual General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may, subject to the provisions of Section 207 of the Act, fix the time for payment.
145. No larger dividend shall be declared than is recommended by the Board, but the Company in Annual General Meeting may declare a smaller dividend.
146. Subject to the provisions of Section 205 of the Act, no dividend shall be payable except out of the profit of the Company or out of money provided by the Central or a State Government for the payment of the Dividends in pursuance of any guarantee given by such Government and no dividend shall carry interest against the Company.
147. The declaration of Board as the amount of profit of the Company shall be conclusive.
148. The Board may, from time to time, pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.
149. The Board may deduct from any dividend payable to any member all sums of money, if any presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company.
150. Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may be set off against the call.
151. No dividend shall be payable except in cash; provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profits 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 the shares held by the members of the Company.
152. A transfer of shares shall not pass the rights to any dividend declared hereon before the registration of the transfer by the Company.
153. The Company may pay interest on Capital raised for the construction work of building when and so far as it shall be authorised to do by Section 208 of the Act.
154. No dividend shall be paid in respect of any share except to the registered holder of such share or to his order or to his bankers but nothing contained in this Article shall be deemed to require the bankers of a registered shareholder to make separate application to the company for the payment of the dividend. Nothing in this Article shall be deemed to alter in manner the operation of Article 152.
155. Any one of several persons who are registered as the joint-holders of any share may give effectual receipts for all dividends, bonuses and other payments in respect of such share.
156. Notice of any dividend, whether interim or otherwise, shall be given to the persons entitled to share therein the manner hereinafter provided.
157. Unless otherwise directed in accordance with Section 206 of the Act, any dividend, interest or other money payable in cash in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the holder or, in case of joint-holders to the registered address of that one of the joint-holders who is the first named in the Register in respect of the joint-holding or to such person and such address as the holder or joint-holders, as the same may be, may direct, and every cheque or warrant so sent shall be made payable to the order of the person to whom it is sent.
158. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provisions of Section 205 (A) of the Act in respect of such dividend.

CAPITALISATION OF RESERVES

Article 140 provides that

140. Any General Meeting may resolve that any moneys, investments or other assets forming a part of the undivided profits of the Company standing to the credit of Reserves; or any Capital Redemption Reserve Account or in the hands of the company and available for dividend or representing premium received on issue of shares and standing to the credit of share premium account be capitalised and distributed amongst such of the shareholders as may be entitled to receive the same if distributed by way of dividend and in the same

proportions on the footing that they may become entitled thereto as Capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full any unissued shares, debentures or debenture stock of the company which shall be distributed accordingly or in towards payment of the uncalled liability on any issued shares and such distributions or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of Share Premium Account or Capital Redemption Reserve Account may, for the purpose of this Article, only be applied in paying up of unissued shares to be issued to the members of the Company as fully paid Bonus shares.

INDEMNITY

Article 192 provides that

192. Every Director, Secretary or any person, (whether an official of the Company or not) employed by the Company and any person appointed Auditors shall be indemnified out of the funds of the Company against all liability incurred by him as such director, secretary, officer, employee or auditor in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or in connection with any application under section 633 of the Act, in which relief is granted to him by the court.

WINDING UP

Articles 190 and 191 provide that

190. If the company be wound-up and the assets available for distribution among the members as such be insufficient to repay the whole of 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 commencement of winding up on the shares held by them respectively. And if in a winding up the assets available for distribution among the members shall be more than sufficient to pay the whole of the capital paid up at the commencement of winding up, the excess shall be distributed amongst the members in proportion to capital at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively but this article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

191. If the Company be wound up whether voluntarily, or otherwise, the liquidators may, with the sanction of a special resolution divide among the distributaries, in specie or kind, any part of the assets of the company and may, with the like sanction list and part of the assets of the company in trustees upon such trusts to the benefit of the contributories or any of them as the liquidators with the like sanction think fit.

REVALUATION OF ASSETS

There has been no revaluation of assets of the Company since its incorporation.

MATERIAL CONTRACTS AND INSPECTION OF DOCUMENTS

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into by the Company more than two years before the date of this Prospectus) which are/deemed to be material have been delivered to the Registrar of Companies for Registration and may be inspected at the Registered Office of the Company between 10.00 am to 1.00 p.m. on any working day from the date of Prospectus until the closure of the subscription list.

MATERIAL CONTRACTS

1. Letter from 21st Century Management Services Limited, dated 05/12/1994 offering their services as Lead Managers to the Issue and the company's acceptance thereof.
2. Letter from Karvy Consultants Ltd., dated 04/01/1995 offering to act as Registrars to the Issue and the Company's acceptance thereof.
3. Major capital purchase agreements/orders for indigenous equipments & machinery are as follows:

PLANT & MACHINERY ALREADY RECEIVED

PLANT & MACHINERY	PARTY'S NAME	PURCHASE ORDER No. & DATE	VALUE
Boiler	Abdul Rashi Iron Works	027/27.05.94	2,70,970.30
Lab equipment	Surya Sales (P) Ltd.	028/08.04.94	28,822.51

M.M.U.PLANT:

Structurals Hemal Steels Pipes, fittings,	013/11.04.94 Bharat Tubes Corpn.	3,32,511.00	
valves(SS/MS/CI)	& Indian Hardware Mart	Misc/024/25.04.94	3,63,798.00
Condensors	Chemequip Inds.	010/11.04.94	1,26,758.00
Insulation	Rajendra Trading	004/04.04.94	58,945.00
Instrumentation	Global Electronics	008/09.04.94	16,742.30
Electricals	Sudhakar Enterprises & Seth Enterprises	005/04.04.94	73,575.00
MMA Cylinders	Anup Enigg.Ltd.	101/25.09.94	1,25,580.00
Vacuum Systems	H.K.Industries	011/09.04.94	40,788.80
Process Pumps	Farm Aids	123/28.07.94	16,742.30

C.A.A.PLANT:

Structurals	Hemal steels	013/11.04.94	4,21,313.25
Pipes, fittings & Valves (PP/CI/MS/SS)	Allied Indl.Prod.& Kabra Steel Tubes	Misc/058 26.06.94	10,28,968.27
Reactors & condensors	Balaji Engg.Works	009/11.04.94	10,52,469.00
Process pumps	Agri.Mach.suppl.& Farm Aids	125/27.07.94	1,01,164.10
Sealing M C	Sanghi Sales & Services	07/07.04.94	9,500.00
Vacuum Systems	H.K.INDS. & Essor Engineers	144/19.08.94	91,254.00
Centrifuge	Premier Indl. Equipments	127/29.07.94	1,94,638.50
PP Extraction	Santom Enterprises columns	010/11.04.94	5,38,345.60
PPFRP Cooling tower	Nidhi Udyog	131/01.08.94	78,000.00
PPFRP Vacuum	Santom Enterprises receivers	026/27.05.94	2,20,031.00
Instrumentation	Forbesons Engg.(P) Ltd.& Polomon Instruments	108/12.07.94	83,974.13
Weighing Scale	Essae Teraoka Pvt. Ltd.	069/10.06.94	37,690.00
Insulation work	Rajendra Trading	004/04.04.94	70,970.13
Electricals	Sudhakar Enterprises & Seth Enterprises	130/01.08.94	82,220.75
Fabrication charges	Sri Sainath Lining Fabrication & erection	145/19.08.94	46,090.60

REFRIGERATION:

MS Condensor	Arihant Enterprises	045/18.05.94	72,501.00
			<u>55,84,362.74</u>

PLANT & MACHINERY ORDERED BUT NOT YET RECEIVED:

Name of the Equipment	Name of the party	Purchase Order No. & Date	Value
1) Diesel Generator set 200 KVA	GreavescottonLtd.	188/28.10.94	7,56,613.00
2) Distillation column and reboiler	Eskayar Engineering	193/31.10.94	6,43,536.00
3) 6.3KL SS 316reactors (2 Nos.)	Balaji Engineering Works	190/29.10.94	17,90,000.00
5.0KL SS 316 reactors (2 Nos.)			12,63,746.00
3.2KL SS 316 reactors (2 Nos.)			10,60,000.00
3.2KL High Pressure SS 316 reactores (1 No.)			7,07,410.00
20KL SS 316 reactors (2 Nos.)			2,99,750.00
4) 20m2 Heat Exchangers (2 Nos.)	Chemequip Inds.	191/29.10.94	5,27,560.00
12m2 Heat Exchangers (2 Nos.)			3,94,472.00
2m2 Heat Exchangers (2 Nos.)			60,550.00
1000 ltrs.SS 316 Receiver(2 Nos.)			2,10,000.00
800 ltrs. SS 316 Receiver(2 Nos.)			1,51,074.00
5) Motor control Centres(2 Nos.)	Esses Eltech Systems	242/28.11.94	6,05,440.00
6) 2.5KL PFFRP Storage Tanks	Santom Enterprises	244/30.11.94	17,770.00
3.0KL PFFRP Storage Tanks			24,340.00
6.0KL PFFRP Storage Tanks			90,468.00
250 ltrs.Vacuum Receivers(3 Nos.)			33,600.00
7) UV-VIS Spectro Photo meter	Chemito Instruments	260/06.12.94	3,12,000.00
8) PP Filter Press with CI structure (6 Nos.)	NMP Equipments Corporation	288/30.12.94	5,94,282.00
9) C.I.Body vacuum pumps 150 m3/hr capacity x 40Torr- (6 Nos.)	Essar Engineers	296/31.12.94	90,000.00
10) 1 Water Jet(SS 316)+ 2 Steam Booster (SS 316) + NRV steam ejector systems (3 Nos.)	HK Industries	285/26.12.94	3,30,000.00
11) i) SS 316 Pump with suitable motors	Nagarjuna Engg.	206/10.11.94	1,50,000.00
ii) PPE pumps with suitable motors	-do-		1,30,000.00

12) 100KG capacity Fluid bed drier	SS 316 Richard Engg	198/08.11.94	3,28,647.00
13) 48"Centrifuge-Bottom discharge SS 316 (2 Nos.)	Richard Engg.Pvt.	194/04.11.94	9,00,000.00
			1,14,71,258.00

4. Agreement of sale for purchase of land by the Company as detailed earlier in the prospectus.

B. DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association of the Company.
2. a) Certification of Incorporation dated 9th March, 1989.
b) Certificate of conversion into Public Limited Company.
3. Copy of the Resolution under: Section 81 (A) of the Companies Act, 1956, passed at the Extra-ordinary General Meeting of the Company held on 25/11/1994.
4. Letter of Consent from Directors, Auditors, Legal Advisor, Bankers to the Company, Bankers to the Issue, Lead Managers, Registrars to the Issue.
5. Copies of Power of Attorney executed by the Directors in favour of Mr.Jasti Venkateswarlu.
6. Report of the Auditor of the company mentioned in this prospect and copies of Balance Sheets referred to in the said report and Auditors advice on tax benefits and their consent for inclusion thereof in the prospectus in the form and context in which they appear.
7. Application to Stock Exchanges at Bombay and Hyderabad for listing of the Company's shares.
8. Copy of the Resolution dated 09.01.95 authorising Registrars to the Issue to take appropriate action with regard to stockinvest.
9. Copies of resolutions passed by the Board on 04/01/1995 appointing Sri Jasti Venkateswarlu as a Managing Director and Smt.Jasti Sudha Rani as a Working Director and copies of resolutions ratifying the same in the Annual General Meeting of the company held on 09/01/1995. Copies of resolutions passed by the Board on 09/01/1995 appointing Shri B.Rai as Chairman and Shri M.Ajaya Kumar as a Wholetime Director.
10. Copy of the Application made to Andhra Pradesh Pollution Control Board for environmental clearance.
11. Copy of the application made to State Bank of India, Overseas Branch, for enhancement of working capital limits.
12. Initial permission from Reserve Bank of India to allot shares to NRIs/OCBs on repatriable basis vide their letter No. EC.CO.FID(II)\ 6983\ 10.02.40(4797)\94\95 dated 8th December 1994.
13. Letter/Application from NRIs agreeing to subscribe / applying for the shares, on Firm Allotment basis.
14. SEBI acknowledgement card No. 1(26)/264/95/241 dated 25/1/1995.

DECLARATION

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 Prospectus is contrary to the provisions of the Companies Act, 1956 and Rules thereunder.

SIGNED BY DIRECTORS

M.AJAYA KUMAR

JASTI VENKATESWARLU

B.RAI

JASTI SUDHA RANI

Dr. S. RAMACHANDRAN
(Alternate Director to Dr. Hargovind Rathore)

(Through his/her constituted Attorney Mr.Jasti Venkateswarlu)

Place: Hyderabad

Date: 27.01.95.