



AMMANA BIO PHARMA LIMITED

(Incorporated on 31st October 1994 as Mouli Creations Private Limited. The name was subsequently changed to Ammana Multimedia Private Limited vide fresh certificate of incorporation dated 21st July 1999. The name was then changed to Ammana Bio Pharma Private Limited vide fresh certificate of incorporation dated 24th May 2002. The company was subsequently converted to a public limited company vide certificate dated 27th May 2005)

Registered and Corporate Office: Mouli Gram, Elkatur, H/O MSVM Puram, Panchayath, Nindra Mandalam, Chittoor Dist., Andhra Pradesh India
(Previous Registered Office: Originally registered at 1-2-412/18/A, Domalguda, Hyderabad to Saraswathi Nivas and was subsequently shifted to 3-6-100/1, Vijaya Bank Building, West Marredpally, Secunderabad-500 026 w.e.f 10-02-2000. It was again shifted to 1-2-412/18/B, Gaganmahal Colony, Domalguda, Hyderabad-29 w.e.f 19-09-2003. The company shifted to its current address w.e.f. 10th May 2005.)

Tel: +91-8577-270669 ; **Fax:** +91- 8577-270655 ; **E-mail:** complianceofficer@ammanabio.com **Website:** www.ammanabio.com

Administrative Office: 1-7-297/18, above Godrej Show Room, 125 MG Road, Secunderabad: 500 003, Tel: +91-40-27840777; Fax: +91-40-27848545

Contact Person: Mrs. S. Nalini, Company Secretary and Compliance Officer

PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE RS.10/- EACH AT A PRICE OF RS. [●] FOR CASH AT A PREMIUM AGGREGATING RS. 2166.02 LACS (HEREINAFTER REFERRED TO AS THE "ISSUE"), INCLUDING PROMOTERS CONTRIBUTION OF [●] EQUITY SHARES OF FACE VALUE RS. 10/- EACH AT A PRICE OF RS. [●] FOR CASH AGGREGATING RS. 150.02 LACS AND NET ISSUE TO PUBLIC OF [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH AT APRICE OF [●] FOR CASH AGGREGATING RS. 2016.00 LACS (HEREINAFTER REFERRED TO AS THE "NET OFFER TO PUBLIC") AND THE ISSUE WOULD CONSTITUTE [●]% OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY.

PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE Rs.10/-. THE ISSUE PRICE IS [●] TIMES OF THE FACE VALUE AT THE CAP OF THE PRICE BAND AND [●] TIMES OF THE FACE VALUE AT THE FLOOR OF THE PRICE BAND.

The Issue is being made through a 100% Book Building Process wherein atleast 50% of the Net offer to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers (including 5% reserved for Mutual Funds). Further, not less than 15% of the Net offer to the public shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Net offer to the public shall be available for allocation on a proportionate basis to Retail Bidders, subject to valid bids being received at or above the Issue Price.

RISK IN RELATION TO FIRST ISSUE

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

GENERAL RISKS

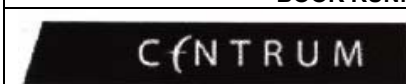
Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this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

Specific attention of the investors is invited to the Section titled 'Risk Factors' beginning on page [●] of this Draft Red Herring Prospectus.

COMPANY'S ABSOLUTE RESPONSIBILITY

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

BOOK RUNNING LEAD MANAGERS



CENTRUM CAPITAL LIMITED
SEBI Regn No. INM000010445
UIN No. 100016915

AMBI Reg. No: AMBI /087
 Khetan Bhavan, 5th Floor,
 198, J Tata Road, Churchgate,
 MUMBAI 400 020.
 Tel: +91-22- 2202 3838
 Fax: +91-22- 2204 6096
 Website: www.centrum.co.in
 Email: ammana@centrum.co.in
 Contact Person: Mr. Mayank Dalal



KHANDWALA SECURITIES LIMITED
SEBI Regn No. INM000001899
UIN No. 100012369

Vikas Building, Ground Floor
 Green Street, Fort,
 Mumbai: 400 023
 Tel: +91-22-22642300
 Fax: +91-22-22615172
 Website: www.kslindia.com
 Email: ammanabiopharma@kslindia.com
 Contact Person: Mr. Ajay Puri

REGISTRAR TO THE ISSUE



BIGSHARE SERVICES PRIVATE LIMITED
SEBI Regn No. INR000001385
UIN No. 100003467

E-2, Ansa Industrial Estate,
 Sakivihar Road, Saki Naka,
 Andheri East, MUMBAI 400 072.
 Tel: +91 - 22 - 2847 3747/3474
 Fax: +91 - 22 - 2847 5207
 Website: www.bigshareonline.com
 Email: bigshare@bom7.vsnl.net.in
 Contact Person: Mr. Mahendra Gaur

ISSUE SCHEDULE

BID/ ISSUE OPENS ON:	[●]	BID/ ISSUE CLOSES ON:	[●]
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LISTING

The Equity Shares issued through this Draft Red Herring Prospectus are proposed to be listed on the Bombay Stock Exchange Limited ("BSE") (also the Designated Stock Exchange) and the National Stock Exchange of India Limited ("NSE"). The Company has received the in-principle approvals from these Stock Exchanges for the listing of the Equity Shares pursuant to letters dated [●] and [●] respectively.



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SECTION: I: DEFINITIONS AND ABBREVIATIONS

I. CONVENTIONAL / GENERAL TERMS:

TERM	DESCRIPTION
Articles / Articles of Association / AoA	Articles of Association of the Company
Companies Act	The Companies Act, 1956, as amended from time to time for the time being in force
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time for the time being in force
Depository Participant	A depository participant as defined under the Depositories Act
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under for the time being in force
Financial Year/FY / Fiscal	Period of twelve months ended March 31 st of that particular year
Fis	Financial Institutions
FII/ Foreign Institutional Investor	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India
Indian GAAP	Generally Accepted Accounting Principles in India
IT Act	The Income-Tax Act, 1961, as amended from time to time and for the time being in force
Memorandum / Memorandum of Association / MoA	The Memorandum of Association of the Company
Non-Resident	A person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NRI / Non-Resident Indian	A person resident outside India who is a citizen of India or a person of Indian Origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
OCB/ Overseas Corporate Bodies	A Company, Partnership Society or other Corporate body owned directly or indirectly to the extent of at least 60 by NRI including Overseas Trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposits) Regulation, 2000.
Person or Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organisation, body corporate corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and /or incorporated in the jurisdiction in which it exists and operates as context requires.



SCRR	Securities Contracts (Regulations) Rules, 1957 as amended from time to time
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time and for the time being in force
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as amended from time to time.

II. OFFERING-RELATED TERMS:

TERM	DESCRIPTION
Allotment	Unless the context otherwise requires, issue of equity shares pursuant to this Issue. Issue of Equity Shares pursuant to the Issue to the successful Bidders as the context requires.
Allottee	The successful Bidder to whom the Equity Shares are being / or have been issued or transferred
Banker(s) to the Issue/Escrow Bankers	The Bank in whom the Escrow Account for the Public Issue will be opened and which act as such, in terms of the Red Herring Prospectus
Bid	An indication to offer made during the Bidding Period by a prospective investor to subscribe to Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto
Bid Price/ Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue
Bid Opening Date / Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper a Hindi national newspaper and a regional newspaper.
Bid Closing Date / Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe the Equity Shares of the Company and which will be considered as the application for allotment of the Equity Shares in terms of this Draft Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus
Bidding Period / Issue Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process	Book building route as provided under Chapter XI of the SEBI Guidelines, in terms of which the Issue is being made



BRLMs	Book Running Lead Managers to the Issue, in this case being CENTRUM CAPITAL LIMITED and KHANDWALA SECURITIES LIMITED
BSE	Bombay Stock Exchange Limited
CAGR	Compounded Annual Growth Rate
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process
CDSL	Central Depository Services (India) Limited
Cap Price	The higher end of the Price Band, above which Issue Price will not be finalized and above which no Bids will be accepted
Cut-off price	The issue price finalized by the company in consultation with the BRLMs. A bid submitted at Cut-off refers to any price within the Price Band. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band.
D/E Ratio	Debt-Equity Ratio
Designated Date	The date on which funds are transferred from the Escrow Account of the Company to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders
Designated Stock Exchange	Bombay Stock Exchange Limited
DP	Depository Participant
Draft Red Herring Prospectus	This Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the RoC at least three days before the opening of the Issue. It will become a Prospectus after filing with the RoC after the pricing and allocation
Equity Shares	Equity shares of face value of Rs.10 each of the Company unless otherwise specified in the context thereof
Escrow Account	Account opened with an Escrow Collection Bank(s) and in whose favour the Bidder will issue cheque or draft in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement entered into amongst the Company, the Syndicate Members, the Registrar, the Escrow Collection Bank(s) and the BRLMs for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders
Escrow Collection Bank(s)	The banks which are clearing members and registered with SEBI as Bankers to the Issue at which the Escrow Account of the Company will be opened. In this case being [●].
ESOP	Employee Stock Option Plan
ESPS	Employee Stock Purchase Scheme
Face Value	Face Value of equity shares of the Company being Rs. 10/- each
FIPB	Foreign Investment Promotion Board, Ministry of Finance, Government of India
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form



Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no Bids will be accepted
GIR Number	General Index Registry Number
INR/ Rs	Indian National Rupee
IPO	Initial Public Offering
Fresh Issue/ Issue/ Offer/ Public Issue	Public issue of [●] new Equity Shares of Rs.10/- each for cash at the issue price of Rs. [●] aggregating to Rs. 2166.02 lacs by the company in terms of the Draft Red Herring Prospectus
Issue Account/ Public Issue Account	Account opened with the Banker to the issue to receive monies from the Escrow Accounts on the Designated Date
Issuer	Ammana Bio Pharma Limited
Issue Period	The period between the Bid / Issue opening date and Bid / Issue closing date including both these dates.
Issue Size	[●] Equity Shares of the company
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Draft Red Herring Prospectus. The Issue Price will be decided by the Company in consultation with the BRLMs on the Pricing Date
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 10% to 100% of the Bid Amount
Members of the Syndicate	The BRLMs and the Syndicate Members
NSE	National Stock Exchange Of India Limited.
Non-Institutional Bidders	All Bidders that are not eligible Qualified Institutional Buyers for this Issue, including affiliates of BRLMs and Syndicate members or Retail Individual Bidders and who have bid for an amount more than Rs 1,00,000.
Non-Institutional Portion	The portion of the Issue that is available for allocation to Non-Institutional Bidders, in this being a minimum of [●] Equity Shares of Rs.10 each
Net Offer/ Net Issue to the Public	The Issue less participation by promoter/ promoter group company i.e. [●]Equity Shares of Rs.10/- each for cash at the issue price of Rs. [●] aggregating to Rs. 2016.00 Lacs
PAN	Permanent Account Number
Pay-in Date	Bid closing date or the last date specified in the CAN sent to Bidders as applicable
Pay-in-Period	(i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the closure of the Pay-in Date as specified in the CAN
Price Band	Being the price band of a minimum price (Floor Price) of Rs.[●] and the maximum price (Cap Price) of Rs. [●] and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLMs finalizes the Issue Price
Prospectus	The Prospectus, filed with the RoC containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information



Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with IRDA, provident funds and pension funds with a minimum corpus of Rs 250 mn.
QIB Portion	The portion of the Issue available for allocation to QIB's in this case being [•] Equity Shares of Rs.10 each (including 5% reservation available for allocation to Mutual Funds i.e. [•] Equity Shares)
RoC	Registrar of Companies, Andhra Pradesh State at Hyderabad.
Registrar / Registrar to the Issue	Registrar to the Issue, in this case being Bigshare Services Private Limited, having its registered office as indicated on the cover page of this Draft Red Herring Prospectus
Retail Bidders/ Retail Individual Bidders	Retail Individual Bidders (including HUFs and NRIs) who Bid for an amount less than or equal to Rs. 100,000 in any of the bidding options in the Issue
Retail Portion	The portion of the Issue being minimum of [•] Equity Shares of Rs.10 each available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s)
RHP/ Red Herring Prospectus	This Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue. The Red Herring prospectus will be filed with the RoC at least three days before the opening of the Issue. It will become a Prospectus after filing with the RoC after the pricing and allocation
Stock Exchanges	BSE and NSE
Syndicate/ Members of the syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue
Syndicate Members	Intermediaries registered with SEBI and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs, in this case being CENTRUM CAPITAL LIMITED and KHANDWALA SECURITIES LIMITED.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as a proof of registration of the Bid
Underwriters	The BRLMs and Syndicate Members
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or Agreement after the Pricing Date



III. COMPANY/ INDUSTRY-RELATED TERMS:

TERM	DESCRIPTION
AGM	Annual General Meeting
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
Auditors	The statutory auditors of the Company: V.Sasidhar, Chartered Accountant
Ammana Bio Pharma/ ABPL/We/ Us/ the Company/ the issue	Unless the context otherwise indicates or implies refers to Ammana Bio Pharma Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 with its registered office at Mouli Gram, Elkatur, H/O MSVM Puram, Panchayath, Nindra Mandalam, Chittoor Dist.,A.P. India.
Board of Directors	The Board of Directors of Ammana Bio Pharma Limited or a committee thereof
Compliance Officer	Compliance Officer of the Company in this case being, Mrs. S. Nalini, Company Secretary of the Company
Director(s)	Director(s) of the Company unless otherwise specified
Equity Shares	Equity shares of face value of Rs.10 each of the Company unless otherwise specified in the context thereof
Equity Shareholders	Persons holding Equity shares of the Company unless otherwise specified in the context otherwise.
Face Value	Value of paid-up Equity Capital per Equity Share, in this case Rs. 10/- each.
FVCI	Foreign Venture Capital Investor registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000
Promoter(s)	Ammana Equity Fund (P) Ltd. & Mr. C. Bala Mouli
Registered Office of the Company	Registered Office of the Company situated at Mouli Gram, Elkatur, H/O MSVM Puram, Panchayath, Nindra Mandalam, Chittoor Dist., (A.P.), India

In the section entitled "Main Provisions of Articles of Association of Ammana Bio Pharma Limited ", defined terms have the meaning given to such terms in the Articles of Association of the Company.

IV. ABBREVIATIONS:

ABBREVIATION	FULL FORM
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
AY	Assessment Year
AGM	Annual General Meeting
Centrum	Centrum Capital Limited
Capex	Capital Expenditure
D/E Ratio	Debt Equity Ratio
EBDITA	Earnings Before Depreciation, Interest, Tax and Amortization
EGM	Extraordinary General Meeting
ESOP	Employee Stock Option Plan
ESPS	Employee Stock Purchase Scheme
EPS	Earnings Per Equity Share i.e. profit after tax divided by outstanding number of Equity Shares at the year end.
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto.
FIs	Financial Institutions
FII(s)	Foreign Institutional Investors registered with SEBI under applicable laws.



FIPB	Foreign Investment Promotion Board
FY / Fiscal	Period of twelve months ended March 31 of the particular year, unless otherwise stated
GIR Number	General Index Registry Number
GoI	Government of India
HR	Human Resources
HUF	Hindu Undivided Family
INR/ Rs	Indian National Rupee
IPO	Initial Public Offering
Khandwala	Khandwala Securities Limited
MoU	Memorandum of Understanding
MNC	Multi National Company
MP	Management Perception
N. A.	Not Applicable
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depositories Limited
NARI	National Agriculture Research Institute
NAV	Net Asset Value being paid-up Equity Share Capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit & Loss account, divided by number of issued Equity Shares.
NSE	National Stock Exchange of India Ltd
OCB	Overseas Corporate Bodies
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
QIB	Qualified Institutional Buyer
RBI	The Reserve Bank of India
RoC	The Registrar of Companies, Andhra Pradesh State situated at Kendriya Sadan, Sultan Bazaar, Hyderabad.
RoNW	Return on Net Worth
Sec.	Section
TRS	Transaction Registration Slip
VCF	Venture Capital Funds



SECTION II: RISK FACTORS

I. FORWARD-LOOKING STATEMENTS AND MARKET DATA:

Forward-looking Statements:

All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute "forward-looking statements". These forward looking statements generally can be identified by words or phrases such as "aim", "anticipate", "aspire", "believe", "expect", "estimate", "intend", "objective", "plan", "project", "shall", "will", "will continue", "will pursue" or other words or phrases of similar import. Similarly, statements that describe the objectives, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about the company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions in India, United States and the other primary markets such as Japan, Australia, Brazil, South Africa, Malaysia, Sri Lanka etc.,
- The ability to successfully implement the strategy, the growth and expansion plans and technological changes;
- The size, timing and profitability of significant service projects and product sales;
- The mix of the services and product revenues comprises with production of multi product production viz. Ethanol, Extra Neutral Alcohol and Rectified Spirit.
- The company will be mainly producing Extra Neutral Alcohol, Rectified Spirit and Ethanol that can be used as an Oxidizing Agent in bio diesel production.
- The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees do not have immediate consequence at the existing level of operations.
- There is no sizable increase in competition envisaged in near future since the distillery licenses involve compliance of stringent pollution control board norms and also clearance from state governments.
- The ability to retain the clients and acquire new clients;
- Changes in the pricing policies or those of the competitors;
- Cancellations, contract terminations or deferrals of projects;
- Unanticipated variations in the duration, size and scope of the projects;
- Changes in the value of the Rupee and other currencies;
- Changes in laws and regulations that apply to the industry under which the company is operating; and
- Changes in the political and social conditions in India.

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

Unless stated otherwise, the financial data in this Draft Red Herring Prospectus is derived from our financial statements prepared in accordance with the Indian GAAP included on page [•] of this DRHP offering [•] new Equity Shares of Rs.10/- each for cash at the issue price of Rs. [•] aggregating to Rs. 2166.02 Lacs. At present our financial year commences on May 1st and ends on April 30th. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.



Market Data

Market data used throughout this Draft Red Herring Prospectus was obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, data provided by the Company, while believed by the Company to be reliable, has not been verified by any independent sources.

II. RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus including the risks described below, in addition to the other information contained in this Draft Red Herring Prospectus, before making any investment decision relating to the Equity Shares. If any of the following risks actually occur, the Company's business, results of operations and financial condition could suffer, the trading price of the Company's Equity Shares could decline, and the investor may lose all or part of his investment.

Note: Unless specified or quantified in the relevant risk factors below, the Company is not in a position to quantify the financial or other implication of any risks mentioned herein under:

Materiality:

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

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

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

A) RISK FACTORS SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY:

1. COMPANY IS PROMOTED BY AN ENTEPRENEUR WITH A LIMITED BACK GROUND OF INDUSTRIAL EXPERIENCE.

The main promoters M/s Ammana Equity Fund Pvt. Ltd & Mr. C. B. Mouli have a limited experience in managing the corporate and manufacturing affairs of the company.

MP: Mr. C B Mouli, a Chartered Accountant has been associated with many first generation Industrial houses in the state of Andhra Pradesh from their inception, which are now renowned nationally and internationally. His association with the industrial houses was from the very nascent stage. He has been advising these companies on corporate and managerial matters for the last three decades. As such he is fully aware of the nitty gritty of the corporate affairs besides, he is being assisted by a team of experienced professionals on the technical and financial front in Ammana Bio Pharma Ltd.

2. THE ISSUER COMPANY IS YET TO PLACE ORDERS FOR SOME OF THE MACHINERY TOWARDS IMPLEMENTATION OF THE PROJECT AND UTILIZATION OF THE PROCEEDS OF THIS FRESH ISSUE

MP: The Company has already placed orders for the purchase of machinery worth Rs. 255.94 ((including Civil Erection & Commissioning to the tune of Rs. 12.30 Lacs), required for in the expansion of existing unit. However, it has not placed orders for the machinery required for setting up the Sweet Sorghum Project. The company has been assured by the suppliers that once the order is placed supply can be affected without any delay. The company does not foresee any problems in obtaining all the necessary equipments and implementing the project as per the schedule as the lead-time for delivery of material is very low.



3. NO INDEPENDENT AGENCY APPOINTED FOR MONITORING THE USE OF ISSUE PROCEEDS

The project cost has been estimated by the company and has not been appraised/assessed by any bank/financial institutions/Merchant Bankers. The deployment of funds is discretion of the company and is not subject to any monitoring by any independent agency.

MP: The estimates on the project cost have been estimated by the management based on its past experience and the quotations received from suppliers of Plant & Machinery., and these are believed to be fair and reasonable. The company has setup an Audit Committee comprising of non-executive and Independent Directors who have been charged with the responsibility of monitoring the use of issue proceeds.

4. POSSIBLE DELAY IN PROJECT IMPLEMENTATION

Any delay in the implementation of the Project, particularly the expansion of facilities could lead to cost overruns and making the expansion of Project unviable.

MP: We are taking all the required steps in implementing the project with adequate planning and are confident of completing the same on time.

5. THE EXPANSION PROGRAMME OF THE PROJECT IS FINANCED BY THE PROCEEDS OF THE PROPOSED PUBLIC ISSUE. ANY DELAY IN RAISING THE FUNDS FROM THE PUBLIC ISSUE MAY HAVE AN ADVERSE IMPACT ON THE PERFORMANCE OF THE COMPANY

MP: The Company has successfully completed trial production and awaiting launch of commercial production. Therefore, any delay in raising funds shall affect the performance to the extent of increasing the volumes and accordingly future profitability of the company.

6. NO PAST FINANCIAL TRACK RECORD OF THE COMPANY AND NO CONTRACTS RECEIVED FROM THE PUBLIC SECTOR OIL COMPANIES FOR SALE OF ETHANOL:

The company has no past financial track record. The company has yet to begin the commercial production of its product. Presently no contracts received from the Public Sector Oil Companies for sale of Ethanol.

MP: The company has successfully completed its trial production and waiting for orders from the oil companies. On behalf of the Oil marketing Companies in the public sector, Bharat Petroleum Corporation Ltd (BPCL) had floated tenders for supply of 1079.60 Lakhs litres of Ethanol for blending at various blending stations vide tender No. S.R.6 in Jan – 05 in the south. Ammana had applied for supplying the same to three of its blending stations which are in close proximity to the factory in Andhra Pradesh State and qualified technically and finalised the price negotiations. As one of the Ethanol supplier did not agree to amend a clause in the tender, and six months lapsed, tender no S.K.6 was cancelled and fresh tender S.R.7 for 1079.60 Lakhs litres of Fuel Ethanol was issued. On 10-08-2005, technical bid have been opened and Ammana has successfully qualified in the technical bid and is waiting for Orders from the Oil Companies which is expected shortly.

7. THE COMPANY HAS NOT TAKEN ANY STEPS FOR RECRUITING THE REQUIRED MANPOWER FOR THE PROPOSED EXPANSION PROJECT.

MP: The Company has requisite manpower for running its existing operations. However for the proposed expansion project the necessary recruitment will be done in due course of time. It does not foresee any problem in recruiting the suitable man power for monitoring production activity.

8. THE PRICE OF THE MAJOR RAW MATERAIL FOR THE COMPANY IS SUSCEPTIBLE TO VOLATILITY DUE TO VAGARIES OF NATURE AND FORMS MAJOR PART OF THE COST OF PRODUCTION.

The company is dependent on external suppliers for majority of the raw material requirement. Any upward fluctuations in the raw material prices would adversely affect the company's future profitability & Productivity of plant.



MP: The factory is located in the sweet sorgum production belt of Andhra Pradesh and will have adequate supply of sweet sorgum to meet the production requirement. Hence the company does not foresee any difficulty in procuring adequate quantities of Sweet Sorgum. Besides the company is putting in place a multifeed stock system, whereby alternate raw materials could be sourced depending on the overall competitive cost structure.

The major raw material required is Sweet Sorghum that will be purchased through a proposed buyback arrangements contracted and negotiated at the beginning of the year with the cultivators. Hence, price fluctuations will not have a major bearing except in case of sugarcane molasses. However the Company would not depend on molasses as exclusive raw material as it is adopting a multi feed stock system viz. Sweet sorghum, Grain etc. The energy and press mud requirements are captive with generation of biogas hence, the company does not have to depend on any outside agencies for any of its utilities.

9. THE COMPANY'S FUTURE SUCCESS DEPENDS TO A SIGNIFICANT EXTENT ON KEY TECHNICAL AND MANAGERIAL PERSONNEL.

MP: The molecular sieve technology proposed to be adopted by the company is fully automatic and totally computerised. It does not require any special technical skills. The fermentation and distillation process has been adopted in the country for long time and there is no dearth of professionals in this segment. The thermo permeation technology will be on turnkey basis including imparting of the training.

10. ANY CONSTRAINT IN THE AVAILABILITY OF SWEET SORGUM MAY AFFECT THE FUTURE PRODUCTIVITY OF THE PLANT. THE CHANGE IN PRICING POLICY OF SWEET SORGUM MAY ALSO AFFECT THE PROFITS.

MP: The factory is located in the sweet sorgum production belt of Andhra Pradesh and will have adequate supply of sweet sorgum to meet the production requirement. Hence the company does not foresee any difficulty in procuring adequate quantities of Sweet Sorgum. Besides the company is putting in place a multifees stock system, wherby alternate raw materials could be sourced depending on the overall competitive cost structure.

The price of Sweet Sorghum is not subject to any controls by any agency including State or Central Governments. The Company intends to provide cultivators advances for purchase of seeds, fertilisers followed by buyback arrangement with them at the prevailing market price. Hence the sale price of Sweet Sorghum would be predetermined as contracted by the Company at the beginning of each season.

11. NO ALTERNATE MEANS OF FINANCE HAVE BEEN PLANNED FOR THE COMPANY'S EXPANSION PLANS OTHER THAN THIS PROPOSED PUBLIC OFFERING.

MP: In the unlikely event that the proposed IPO does not go through or does not succeed, the proposed expansion plan will be financed through debt and promoters contribution.

12. CHANGES IN OPERATION PERSONNEL OR KEY PERSONNEL LEAVING THE ORGANIZATION WOULD ADVERSELY EFFECT THE MANAGEMENT.

The company might face problems in finding a suitable replacement of operation personnel to carry on the operational activity at the plant. This might have an adverse affect on the functioning of the existing and the proposed plant.

MP: The Plant and Machinery with vapour based molecular sieve technology can be monitored automatically duly integrated with computers without involving any complications. The person operating this system can be replaced if situation so arises with a minimum disruption of the operation which will not have any adverse bearing in the functioning of the unit.



13. THE COMPANY'S SUSTAINED GROWTH DEPENDS ON ITS ABILITY TO ATTRACT AND RETAIN ITS MAN POWER. FAILURE ON THE PART OF THE COMPANY TO DO SO, COULD ADVERSLY RESULT IN ITS GROWTH STRATEGY.

MP: The company provides a very amenable environment for growth of its employees by catering to professional satisfaction and also to cope up with new challenges. Further, as the remuneration would be in line with industry standards, no problems are envisaged in retaining and nurturing the manpower particularly, its skilled man power.

14. RISK IN RELATION TO OPERATING IN THIS INDUSTRY

The company is operating in an industry wherein the policy of the Government of India is in the infancy stage and will take time before a long term policy is evolved by the Government of India particularly with regards to the percentage of blending.

MP: The Government of India has for now put in place a policy for blending of 5% Ethanol with Petrol and formed a nodal agency ISMA (Indian Sugar Mills Association) for sorting out issues for Ethanol blending programme and finalizing the price. With an increasing thrust for Ethanol blending globally and the rising oil prices, it is expected that the existing 5% blending to be increased to 10% in the coming years providing a vast scope for growing demand of Ethanol. Further with the manufacturing 99.8% quality of the product under molecular sieve technology, the company foresees no problem in the sale of Extra Neutral Alcohol and Rectified Spirit in the open market.

15. DEPENDENCE ON LIMITED BUYERS FOR SALE OF ETHANOL / RS / ENA TO DERIVE SUBSTANTIAL REVENUE

The company's income is primarily from sale of the Fuel Ethanol being marketed through tenders of public sector companies and from sale of RS and ENA in the open market. These incomes are dependent on various factors such as availability of adequate raw material, low cost of production, supply demand gaps in the markets, price quotations from oil companies in tenders.

MP: The dependence on public sector oil companies for marketing ethanol is ensured in view of government's present policy on ethanol. The Company would be utilising sweet sorghum as raw material as a better substitute in place of age-old conventional sugarcane molasses, which is vulnerable to vagaries of nature. The 10th Finance Commission has also laid an emphasis for the policy of 5% blending of ethanol with petrol to maintain Environmental Standards. Therefore the blending programme is ready to be practiced on long-term basis in the years to come and accordingly the supply demand gap may be in favour of the company in years to come. The price quotations of tenders are dependent upon various factors like availability and cost of raw materials. Since sweet sorghum proves better yields, the cost of production is minimized so as to withstand the negative market forces resulting in higher prices. The oil Companies are likely to prefer Ethanol suppliers who are close to their blending depots so as to save their transportation cost and the Company is expecting to have sizable orders of fuel ethanol.

Regarding the sale of for ENA & RS, the market is assured in view of high quality of alcohol produced by the company. The movement of alcohol from one State to another State is regulated by respective state governments and subject to export tax, entry tax and also involves cost of transportation. Currently, State of Andhra Pradesh, imports around 334 lakhs liters of industrial and potable alcohol. Issuer's installed capacity is about 24% of this demand.

16. PENDING THE ETHANOL SUPPLY TO OIL COMPANIES, THE COMPANY HAS NOT STARTED THE PRODUCTION OF RECTIFIED SPIRIT AND EXTRA NEUTRAL ALCOHOL.

The present government has introduced several pro – agricultural policies; any change in Government could have an impact on the economic liberalization and deregulation policies



MP: Since Indian Economy is an agro based with 70% of its population depending mainly on agriculture, the Governments at State and Central level since independence have adopted pro-agricultural policies and in all likelihood similar policies shall be pursued in the years to come.

17. The sole buyers of company's product i.e. ethanol are the Public Sector Oil Companies. The delivery of ethanol to these oil companies could get substantially delayed owing procedural bottlenecks at their end. This could adversely affect the operations of the company and consequently its profitability.

MP: Barring few hiccups in the initial stages, the company do not expect any procedural bottlenecks from these oil companies in future, as the Government of India has clearly laid down its policy on fuel blending. Besides, these oil companies are operating in a professional environment with qualified personnel manning important positions. The company is optimistic that there shall be no delays on this account.

18. LITIGATION AGAINST THE COMPANY

A suit was filed for specific performance against the sellers of 70 acres of land where company's registered office and factory is located by Mr. S.J. Chowdary purported to have entered an unregistered and time barred agreement prior to sale transaction to the company. The civil court refused to issue injunction order against the company as the company is a bonafide purchaser and the mutation is done in State Government records issuing patta pass books.

19. LOSS / LACK OF ANY ACTIVITY BY THE PROMOTER COMPANY.

The promoter company operations have been on a low key for several years.

MP: The focus of the promoter company has been on successful completion of the project and thereafter intends to explore further business opportunities.

20. Promoters hold [•] % of post issue share capital of the company. Accordingly, the promoters have the ability to exercise significant influence over matters requiring shareholder approval. This could conflict with the interests of other shareholders.

MP: The company operates in an open and professional manner and decisions are taken by experienced and seasoned professionals who head each business unit. The Board of the company comprises of professional and independent directors and important corporate decision making is taken on a joint, consultative basis and wherever feasible by a committee of directors.

21. The company may offer equity shares under the Employee Stock Option Scheme/ Employee Stock Purchase Scheme. The board will be authorised to administer the stock options. Exercise of such options by the employees may lead to dilution of the shareholding or affect the market price of Equity Shares.

MP: Any ESOP scheme serves as a strong motivational value for employees, It helps in increasing the productivity, which in turn contributes towards enhancement of shareholder value. However, at present the company has no ESOP scheme.

22. The company has failed to comply with the requirements of the provisions of the Companies Act, 1956 in respect of filing of documents on timely basis with the office of the Registrar of Companies.

MP: The delay had occurred as the company did not have a qualified company secretary on its roll that could ensure compliance with the provisions of the Companies Act, 1956 on timely basis. The company has since appointed a full time company secretary who has been charged with the responsibility of ensuring regulatory compliances on timely basis. The company is confident that such delays shall not occur in future.



B) RISK FACTORS EXTERNAL TO THE COMPANY:

1. BUSINESS PROSPECTS MAY ADVERSELY BE AFFECTED DUE TO COMPETITION.

MP: Alcohol based industries are controlled by licensing policy of the State Government. In the recent past, judgements have been pronounced by Supreme Court in which it was made clear that Central Pollution Control Board has to resort imposing several stringent norms and regulations and make compliance with zero discharge as mandatory.

The company has an early bird advantage as it has over-come the barriers of Central and State Pollution Control Board clearances which are the major impediments to start alcohol based industry. Company is also investing to the tune of Rs 291.75 Lakhs for commissioning the effluent treatment project as per Central & State Pollution Board Regulations for achieving zero discharge and generation of Bio gas as feed for boilers.

Secondly, the oil companies would intend to select such manufacturing units, which are having closest proximity to their depots/supply points so as to save transportation cost. The company's manufacturing unit is strategically located in Chittoor District and 84 kms away from Chennai. It will give an advantage of saving in transportation cost to the oil companies and there-by the company is confident that the orders for full capacity production will be bagged without any competition.

As regards Extra Neutral Alcohol and Rectified Spirit, the market demand is met from open market. With adoption of sweet sorghum as main feed stock, the quality of ENA produced would have a consistent demand from Pharma Industry for use in oral liquids like syrup, and liquor industry for their premium brands.

2. VAGARIES OF NATURE

MP: In spite of the fact that Sweet Sorghum which is the main raw material required for production of ethanol can be cultivated in drought conditions still the market may fluctuate adversely due to abnormal conditions like severe drought for several years continuously which would affect not only Ethanol industry in particular but the whole economy in general.

3. CHANGE IN CENTRAL GOVERNMENT OF INDIA AND ANDHRA PRADESH STATE GOVERNMENT POLICES INCLUDING IMPOSITION OF PROHIBITION OF BLENDING OF ETHANOL IN PETROLEUM PRODUCTS COULD ADVERSELY AFFECT THE PROSPECTS OF THE COMPANY.

MP: Government policies in most parts of the world are in favour of Fuel Ethanol blending with increasing trend to toe in line with Global Environmental standards, phasing out highly pollutant MTBE Accordingly, in India also, the previous Government as well as the present UPA government have shown commitment to long-term policy of Ethanol blending.

As regards imposition of prohibition in the state, the company will have to take recourse to markets of other free states. However in the present economic scenario the imposition of total prohibition will create a vast deficit in budget which most of the State Governments cannot afford.

4. DOMESTIC PRICES TO MAINTAIN PARITY WITH GLOBAL PRICES

MP: A relatively high cost of production situation prevailing in case of sugar cane molasses use cannot absorb high price vagaries but with the use of sweet sorghum raw material having low cost of production would enable us to compete effectively and at the same time maintain parity with global prices.

5. CHANGE IN GOVERNMENT POLICIES

The present government has introduced several pro – agricultural policies; any change in Government could have an impact on the economic liberalization and deregulation policies

MP: Since India Economy is an agro based with 70% of its population depending mainly on agriculture, the Governments at State and Central level since independence have adopted pro-agricultural policies and in all likelihood similar policies shall be persued in the years to come.



6. **FAILURE TO COMPLY WITH ENVIRONMENTAL LAWS AND REGULATIONS COULD RESULT IN LITIGATION AND COMPANY'S OPERATIONS MAY ADVERSELY BE EFFECTED. ALSO THERE MAY BE SOME UNKNOWN ENVIRONMENTAL PROBLEMS OR CONDITIONS BE DISCOVERED AND THE COMPANY MAY BECOME VULNERABLE TO THE SOME MORE LAWS AND REGULATIONS BY THE GOVERNMENT.**

MP: For manufacturing of Ethanol at present, pending sweet sorghum project with use of Special Denatured Spirit procured from the market, the compliance of environmental regulations does not arise. However the proposed manufacturing of Rectified Spirit with the use of sweet sorghum requires effluent treatment for zero discharge under primary and secondary treatments for which provision is made under expansion programme to be implemented with the proceeds of public issue.

7. **THE COMPETITION ACT, 2002 AS AND WHEN IT IS NOTIFIED, WILL REGULATE THE COMPANY'S BUSINESS AND ACTIVITIES.**

MP: The Parliament of India has enacted the Competition Act, 2002 for the purpose of preventing practices having an a effect on competition. Under the Competition Act, 2002, any arrangement, understanding or action whether or not formal or informal which causes or is likely to cause an appreciable adverse effect on competition is void and attracts penalties. Any agreement *interalia* which directly or indirectly determines purchase or sale prices, limits or controls the share of the market by way of geographical area or market or number of customers in the market is presumed to have appreciable adverse effect on competition. It is not clear as how the Competition Act, 2002 will affect our industry.

8. **FUTURE EQUITY OFFERINGS OR OPTIONS MAY LEAD TO DILUTION OF SHAREHOLDING**

Purchasers of Equity Shares in this Issue may experience dilution of their shareholding to the extent the Company makes future equity offerings and to the extent additional options are issued under its employee stock option scheme.

9. **PERFORMANCE LINKED TO STABILITY OF POLICIES & POLITICAL SITUATION IN INDIA:**

There is no assurance that the liberalization policies of the government will continue in the future. Protests against privatization could slow down the pace of liberalization and the deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt the Company's business and economic conditions in India. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries. Military activity or terrorist attacks in the future could have an impact on the Indian companies, including the Equity Shares and the market for the Company's offering.

MP: The Government of India has pursued the economic liberalization policies including relaxing restrictions on the private sector over the past several years. The present Government has also announced polices and taken initiatives that support the continued economic liberalization.

10. **TERRORIST ATTACKS, DROUGHT, FLOODS ETC. MAY ADVERSELY AFFECT THE FINANCIAL MARKETS IN INDIA**

Certain factors beyond the control of the company could have a negative impact on the company's production. Terrorist attack, drought, floods etc. involving India and other countries can adversely affect the financial markets and the company.

11. **POST-ISSUE VOLATILTY IN PRICES OF THE SCRIPT:**

The price of the Company's equity shares in Indian stock exchanges may fluctuate after this Issue as a result of several factors, including:

Volatility in the Indian and Global securities market;

The results of operations and performance;

- a) Perceptions about the Company's future performance or the performance of other Indian companies in the same industry;



- b) Performance of the Company's competitors in the Indian bio - pharma industry and market perception of investments in the Indian bio - pharma sector;
- c) Adverse media reports on the Company or on the Indian bio - pharma industry;
- d) Change in the estimates of the Company's performance or recommendations by financial analysts;
- e) Significant development in India's economic liberalization and deregulation policies; and
- f) Significant development in India's fiscal and environmental regulations.

There has been no public market for the Company's equity shares till now and the prices of the Company's equity shares may fluctuate after this Issue. There can be no assurance that an active trading market for the equity shares will develop or be sustained after this Issue, or that prices at which the Company's equity shares are initially offered will correspond to the prices at which the Company equity shares will trade in the market subsequent to this Issue. The Company's share price could be volatile and may also decline.

NOTES TO RISK FACTORS

1. Public issue of [•] Equity Shares of Rs. 10/- each aggregating to Rs. 2166.02 Lacs comprising of promoters contribution of [•] equity shares @ Rs.10/- at a price of [•] to the Promoter(s) "Ammana Equity Fund (P) Ltd." aggregating to Rs. 150.02 Lacs, and net offer to the public of [•] Equity Shares of face value of Rs. 10/- each at a price of Rs. [•] for cash aggregating Rs. 2016.00 Lacs (herein after referred to as "the Issue or Offer").
2. The Issue is being made under clause 2.2.2, 11.3.5 of SEBI (DIP) Guidelines, 2000 through 100% Book-Building Process wherein mandatory 50% of the issue size (including 5% thereof reserved for Mutual Funds) will be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). Further, not less than 15% of the Net Offer will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Net Offer will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Offer Price.
3. The present average cost of acquisition of Equity Shares by the Company's Promoters, is as follows:

Name of the Promoter	Average Cost of Acquisition (in Rs.)
Ammana Equity Fund (P) Ltd.,	10.00
Mr. C. Bala Mouli	Nil

4. The net asset value per Equity Share as of August 31, 2005 was Rs. 1.04 per share based on financial statements. The Net worth of the Company (as restated), as on August 31, 2005 was Rs. 938.91 lacs. For details please refer to Chapter on 'Financial Statement' on page [•] of this Draft Red Herring Prospectus.
5. Investors are advised to refer the paragraph on "Basis of Issue Price" on page [•] of this Draft Red Herring Prospectus before making an investment in the Issue.
6. Investors can contact the Compliance Officer of the Company for any clarifications/ complaints. The Compliance Officer will be available at the following address: 1-7-297/18, above Godrej Show Room, 125 MG Road, Secunderabad: 500 003, **Tel:** +91-40-27840777; **Fax:** +91-40-27848545 **E-mail:** complianceofficer@ammanabio.com.
7. For Related Party Transactions, please refer to the section entitled "Related party Transaction" on page [•] of this Draft Red Herring Prospectus.
8. Please refer to page [•] of this Draft Red Herring Prospectus for details on Loans and Advances.
9. Investors are free to contact any of the BRLMs for any clarification or information pertaining to the Issue. All information shall be made available by the BRLMs and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
10. Investors may contact the BRLMs and Syndicate Members for any complaints pertaining to the Issue.
11. Investors may note that in case of over subscription, allotment to Retail Investors and Non Institutional Investors shall be on proportionate basis and will be finalized in consultation with the Designated Stock Exchange. If the Issue is oversubscribed, the Designated Stock Exchange along with the concerned Post Issue BRLM and Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner.



SECTION III: INTRODUCTION

1. SUMMARY

(i) **SUMMARY OF THE INDUSTRY AND BUSINESS OF AMMANA BIO PHARMA LIMITED:**

India:

In India production of Alcohol takes place mainly from sugar cane. States like Maharashtra, Uttar Pradesh, and Andhra Pradesh have been producing alcohol since a long time.

Alcohol Industry started throughout India mainly by producing Rectified Spirit for use by Industrial and Chemical companies and also by producing Extra Neutral Alcohol (ENA) for potable use. The main users of ENA are various liquor manufacturers who use ENA in manufacturing liquor products which have a tremendous potential in India and abroad.

Ethanol Blended Petrol (EBP) Program

The Ministry of Petroleum & Natural Gas, on 10.12.2001 tabled in Parliament a suo – moto statement regarding supply of the gasohol (ethanol blended petrol) in India. The Petroleum Ministry feels that Ethanol, which is produced from renewable source of energy, would stimulate higher growth in the primary as well as secondary sectors apart from contributing to cleaner environment. In order to ascertain economic and operational aspects of blending ethanol in petroleum the ministry of petroleum conducted Ethanol – Gasoline pilot projects, selling 5% ethanol blended petrol. In addition to the field trials being conducted through Pilot projects, R & D studies were also being separately undertaken on various types of vehicles to monitor the impact of using Ethanol-Petrol blends on derivability, fuel economy, vapor locking, etc. (Source: Ministry of Petroleum & Natural Gas).

Encouraged by the success of the pilot projects and based on the deliberations, Ministry of Petroleum & Natural Gas, Government of India on 29.11.2001 decided to supply 5% Ethanol blended petrol in the country in two phases.

- ❖ Phase1: Andhra Pradesh, Gujarat, Haryana, Karnataka, Maharashtra, Punjab, Tamil Nadu and Uttar Pradesh.
- ❖ Phase 2: All other States including Union Territories.

With the change in the Government in the center, the ethanol blending program was put on hold. However, since then the present government has stated its commitment to the ethanol blending petrol programme. The New Notification issued by the Central Government on 27th October 2004 says oil companies are obliged to blend 5% ethanol in designated states & Union Territories. If the following conditions are fulfilled:

- a) If the price of sourcing indigenous ethanol for supply of ethanol blended petrol is comparable to the price of indigenous ethanol for alternative uses.
- b) The delivery price of ethanol of the location is comparable to the Import Parity Price of petrol (at the location)

The Ethanol Blending Programme (EBP) Program of Government of India being dependent only on price factor, the company will take advantage of the huge demand of fuel ethanol by using sweet sorghum as a feedstock, which provides low cost of production. The company's proposed plan of utilizing sweet sorghum as a feedstock in the place of molasses provides a cost effective production giving a scope for high margins. Further the Sweet Sorghum crop unlike molasses which is prone to high fluctuations in the cost can be cultivated even in dry conditions with low water consumption with two crop cycles in a year. The sweet sorghum as feedstock has a unique advantage, without dependence on any sugar factory in achieving self-sufficiency in fuel for energy and production of bio-fertilisers for providing zero discharge.



Abroad:

Brazil has been producing Ethanol from sugarcane molasses and juice for more than 40 years. Similarly U.S.A. has also been producing it from corn-maize. Ethanol thus produced is being blended in petrol to the extent of 20% to 24% in Brazil and is widely used successfully as auto fuel. (Source: Ministry of Petroleum & Natural Gas).

OUR BUSINESS:

Overview

Recent years have witnessed encouraging and raising trend for ethanol blending programme with petrol all over the globe dispensing away with MTBE blending being cancer causing and pollutant. Ethanol being non-pollutant and Environment friendly, the market for Ethanol is coming up and is there to sustain in the years to come. The Union Government has also proclaimed the policy of commitment to the continuance of Ethanol blended petrol (EBP) programme on a long term basis and has become effective immediately in 10 states including Andhra Pradesh and 4 union territories.

The low cost of production will be the prime factor to withstand vagaries of prices. The Company has opted Sweet Sorghum raw material as its main feedstock. Sweet Sorghum crop sustains even in drought conditions with low consumption of water. Further from Sweet Sorghum, a finer quality of alcohol can be produced.

In Indian context, the Government of India is experiencing heavy outflows on account of imports of MTBE and crude. MTBE, the oxidising agent is cancer causing and highly pollutant and hence to be replaced. Accordingly most of the advanced countries are phasing out MTBE by substituting Ethanol blending which is non-pollutant and environmental friendly. Indian Government is also adopting the Ethanol blending programme with commitment under long-term policy.

Against these backdrops, the public sector oil Companies had called for tenders and concluded the process in August 2005 and the Company could bag tenders to its full capacity production due to location advantage in that transportation cost for oil companies is minimised/saved.

The company has an early mover advantage of overcoming the barriers of State and Central Pollution Boards so as to stabilise faster and penetrate in the market.

In view of low cost production to be achieved with the use of Sweet Sorghum raw material, the company can also compete for export market if need arises, and also can withstand adverse price fluctuations.

The company would be among the few bio fuel units being locally self supportive with use of sweet sorghum and co-generation by using bagasse and press mud for achieving zero discharge of effluents.

The company intends to promote Agro/Rural economy by encouraging cultivation of dry land crop Sweet Sorghum and also producing Ethanol which is non pollute and environmental friendly within the ambit of long term sustainability on profitable lines.

Back Ground

The company was originally incorporated on 31st October 1994 as Mouli Creations (P) Ltd., which was subsequently changed to Ammana Multi Media (P) Ltd., on 21.07.1999. The company found an opportunity to enter sun rising Industry "Bio-Pharma" and accordingly changed its name to Amma Bio Pharma (P) Ltd., on 24th May'2002. The company was later converted into a Public Limited company on 27.05.2005.

Bio Pharma activities proposed include manufacture of Pharma grade Alcohol for use in drug & Chemical Industries. The Government of India is encouraging the production of Ethanol. The company found an opportunity to start manufacture of Ethanol to take advantage of the market potential. The company has adequate infrastructure with modern plant and adopted the latest technology process "Molecular Sieve" from USA to manufacture Ethanol.



Business of the Company

Presently the company is into manufacturing of Ethanol, to be used by the oil companies for blending along with petrol. The company has got clearances from the Pollution Control Boards of Central & State Governments and all the relevant licenses have been obtained to manufacture Rectified Spirit (R.S.), E.N.A. and Ethanol. The company's trial production is successfully completed and the test reports by the concerned authorities have been positive. One of the Director of the company has rich experience of 30 years in the related field. The company has participated in the tender inviting bids by IOC, BPC, HPC, IBP & CPCL being the companies to whom ethanol produced would be supplied under the tender. The company is waiting for their Orders which is expected soon..

The company has also a product segment like R.S., ENA, besides Ethanol, which caters not only to the oil companies but also to the various industries, connected with manufacturing of chemicals and liquors. Besides Extra Neutral Alcohol produced with vapor based molecular sieve technology of USA yielding a quality of 99.8% purity provides a good market not only for portable alcohol but also for pharma grade alcohol.

Our company has also submitted application to TUV India (P) Ltd., for ISO: 9001:2000/ISO/140001 for certification.

(ii) OFFERING DETAILS:

Equity Shares offered:	
Through Fresh Issue of Equity Shares	[•] Equity Shares of face value Rs. 10/- each
Of which:	
Promoters Contribution in the Issue	[•] Equity Shares of face value Rs. 10/- each
Net Offer to the Public	
Qualified Institutional Buyers portion	[•] Equity Shares Mandatory of [•] Equity Shares of face value Rs. 10/- each comprising of 50% of the Net Issue to the Public, of which 5% i.e. [•] Equity Shares are reserved for Mutual Funds and the balance will be available for all QIBs including Mutual Funds. (Allocation on a proportionate basis)
Non-Institutional portion	[•] Equity Shares of face value Rs. 10/- each comprising of 15% of the Net Issue to the Public (Allocation on a proportionate basis)
Retail portion	A Minimum of [•] Equity Shares of face value Rs. 10/- each comprising of 35% of the Net Offer (Allocation on a proportionate basis)
Under-subscription, if any, in any of the category other than QIB will be allowed to be met through over subscription in any other category. In case the allotment to QIBs works out to less than 50% of the Net Offer to the Public, the entire bid amount/ application money shall be refunded.	
Equity Shares outstanding prior to the Issue	90,00,000 Equity Shares of face value Rs. 10 each
Equity Shares outstanding after the Issue	[•] Equity Shares of face value Rs. 10 each
Use of Issue proceeds	Please see section entitled "Objects of the Issue" on page [•] this Draft Red Herring Prospectus for additional information.



(iii) SUMMARY FINANCIAL, OPERATING AND OTHER DATA:

Statement of Adjusted Profit and Loss:

(Rupees in lakhs)

PARTICULARS	As at 31 March 2000	As at 31 March 2001	As at 31 March 2002	As at 31 March 2003	As at 31 March 2004	As at 30 April 2005	As at 31 August 2005
INCOME							
Sales – Manufactured	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Traded							
Total							
OTHER INCOME	0.07	1.66	0.65	7.50	6.71	23.79	0.00
Increase/ (decrease) in stock	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.07	1.66	0.65	7.50	6.71	23.79	0.00
Less: EXPENDITURE							
Cost of raw materials consumed And purchase of traded goods	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Staff costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other manufacturing expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Administration expenses	0.02	1.61	0.63	7.48	6.68	23.67	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENDITURE	0.02	1.61	0.63	7.48	6.68	23.67	0.00
Less : Cost capitalised	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total operating expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit before depreciation, doubtful Advances and extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net adjusted profit/ (loss) before Extraordinary items	0.05	0.05	0.02	0.02	0.03	0.12	0.00
Add : Extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit/(loss) after Extraordinary items	0.05	0.05	0.01	0.02	0.03	0.12	0.00
Less: Provision for current tax	0.02	0.02	0.01	0.01	0.01	0.04	0.00
Net profit/(loss) after Taxation and adjustments	0.03	0.03	0.01	0.01	0.02	0.08	0.00



Statement of Adjusted Assets and Liabilities

(Rupees in lakhs)

PARTICULARS		As at 31 March 2000	As at 31 March 2001	As at 31 March 2002	As at 31 March 2003	As at 31 March 2004	As at 30 April 2005	At at 31 August 2005
(A)	FIXED ASSETS							
(i)	Gross block	2.52	2.52	2.52	6.03	1163.55	1681.35	1863.17
	Less : Accumulated depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net block	2.52	2.52	2.52	2.52	1163.55	1681.35	1863.17
(ii)	Capital work in progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net block after adjustment	2.52	2.52	2.52	2.52	1163.55	1681.35	1863.17
(B)	Investments	0.00	163.62	110.00	356.09	0.00	0.00	0.00
(C)	Current assets, loans and advances							
(i)	Inventories	0.00	0.00	0.00	0.00	54.60	88.35	88.35
(ii)	Accounts Receivable	103.52	102.52	102.52	1.14	100.00	0.00	0.00
(iii)	Cash and bank balances	3.62	1.04	1.06	1.10	0.55	1.55	16.71
(iv)	Loans and advances/Advances	0.83	0.83	0.83	22.83	0.00	95.65	87.80
	A+B+C	110.49	270.53	216.93	387.18	1318.70	1866.19	2056.03
(D)	Less : liabilities and provisions							
	Secured loans	3.74	0.00	0.00	0.00	827.35	1022.42	1035.01
	Unsecured loans	0.00	0.00	0.00	0.00	0.00	6.38	48.69
	Current liabilities	6.69	6.80	6.81	5.97	7.90	8.60	12.89
	Provisions	0.04	0.06	0.05	0.05	0.00	0.04	0.00
	Net Worth	100.02	263.67	210.07	381.16	483.45	829.46	959.44
(i)	Share capital	100.00	100.00	100.00	100.00	300.00	900.00	900.00
	Share Application Money	0.00	163.62	110.50	281.06	254.55	0.48	109.93
(ii)	Reserve and surplus	0.07	0.10	0.11	0.14	0.16	0.24	0.24
	Net Reserves and surplus	0.07	0.10	0.11	0.14	0.16	0.24	0.24
(i)	Less:Pre-Ope.Exp.To be Apportioned	0.00	0.00	0.00	0.00	71.26	71.26	50.73
(ii)	Misc. Expenditure w/off	0.05	0.05	0.04	0.04	0.00	0.00	0.00
	Net Worth	100.02	263.67	210.07	381.16	483.45	829.46	959.44



AMMANA BIO PHARMA LIMITED

Registered with Registrar of Companies, Kendriya Sadan, Sultan Bazaar, Hyderabad,
Registration No:01-18659 dated 31st October 1994

Registered Office: Mouli Gram, Elkatur, H/O MSVM Puram, Panchayath, Nindra Mandalam,
Chittoor Dist., Andhra Pradesh, India

(Previous Registered Office: Originally registered at 1-2-412/18/A, Gaganmahal Colony,
Domalguda, Hyderabad to Saraswathi Nivas and was subsequently shifted to 3-6-100/1, Vijaya
Bank Building, West Marredpally, Secunderabad-500 026 w.e.f 10-02-2000. It was again shifted to
1-2-412/18/B, Gaganmahal Colony, Domalguda, Hyderabad-29 w.e.f 19-09-2003. The company
shifted to the current address w.e.f. 10th May 2005.)

Tel: +91-8577-270669 ; **Fax:** +91- 8577-270655 **E-mail:** complianceofficer@ammanabio.com

Website: www.ammanabio.com

2. GENERAL INFORMATION

BOARD OF DIRECTORS:

Currently the Board of the Company comprises of 8 directors. Our Board of Directors consist of the following persons:

NAME OF THE DIRECTOR	DESIGNATION	PRESENT POSITION	STATUS
Mr. C.Balamouli	Chairman	Chartered Accountant	Non Executive, Non Independent director
Mr. B.G.K. Murthy	Executive Director	Service	Executive Director
Mr. K. Sreedhar Reddy	Director	Practicing Advocate	Non Executive, Non Independent Director
Mr. Prem Goyal	Director	Business	Non Executive, Non Independent Director
Mr. M. Zaheer-Ul-Ehasan	Director	Consultant	Non Executive, Independent Director
Mr. K. M. Padmanabhan	Director	Practicing Chartered Accountant	Non Executive, Independent Director
Mr. T. S. Raghavan	Director	Faculty in Management	Non Executive, Independent Director
Dr. Deepa Mouli	Director	Medical Consultant	Non Executive, Non Independent

Brief Profile of the Chairman and Executive Director:

Mr.C.Balamouli, 58 Chairman, is a Chartered Accountant and a Graduate in Law. For the last 25 years he has been handling Company Law matters, Statutory Audit and Project Financing for Public Companies etc. He is also a financial consultant and advisor to the leading groups in the state of Andhra Pradesh. He was an Ex-Director of Indian Overseas Bank, Canara Bank and Chairman of Can Bank Financial Services Ltd. Presently he is Director of GVK Industries Group viz, Taj GVK Hotels & Resorts Limited, GVK Jaipur Kishan Ganj Express Highway Limited and Satyam Infoway Limited.



Mr. B.G.K.Murthy, 53, Executive Director is a Graduate in BSc., (Organic Chemistry) and has 26 years of experience in Pharma and Chemical Industries in India & Abroad. He started his career in 1973 with M/s Spencer & Company, Madras. Subsequently he joined M/s. Anglo French (Eastern) Limited as a Regional Manager (India) in year 1977 and continued till 1990. After that he joined M/s. Nagarjuna Drugs in year 1991 as a Regional and Sales manager. He continued working there till year 1996. From 1996 to 1999 he was working with M/s. Combact Drugs as Marketing Manager.

Profile of other directors are appearing on page [•] under the heading “Brief Profile of Directors”

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mrs. S. Nalini
Company Secretary and Compliance Officer,
Ammana Bio Pharma Limited,
1-7-297/18, above Godrej Show Room, 125 MG Road,
Secunderabad: 500 003,
Andhra Pradesh
India
Tel: +91-40-27840777
Fax: +91-40-27848545
E-mail: complianceofficer@ammanabio.com

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

LEGAL ADVISORS TO THE ISSUE

R.R. Associates,
114/2RT, S.R.Nagar,
Hyderabad-500 038.
Tel: +91-40-55593038
Fax: +91-40-55593038
E-mail: rassociateshyd@yahoo.co.in
Contact Person: Mr. T.V.Pandu Ranga

BANKERS TO THE COMPANY

State Bank of India
Industrial Finance Branch
Raj Bhavan Road
Somajiguda Hyderabad: 500 082
Contact Person: Mr. B. Murali Krishan, Assistant General Manager
Tel: +91-40-23410853
Fax: +91-40-23403862
E-mail: mural.b@sbi.co.in

BOOK RUNNING LEAD MANAGERS

CENTRUM CAPITAL LIMITED
SEBI Regn No. INM000010445
UIN No. 100016915
Khetan Bhavan, 5th Floor, 198,
J Tata Road, Churchgate, Mumbai: 400 020.
Tel: +91-22- 2202 3838
Fax: +91-22- 2204 6096
Email: ammana@centrum.co.in
Website: www.centrum.co.in
Contact Person: Mr. Mayank Dalal



KHANDWALA SECURITIES LIMITED

SEBI Regn No. INM000001899

UIN No. 100012369

Vikas Building, Ground Floor

Green Street, Fort,

Mumbai: 400 023

Tel: +91-22-22642300

Fax: +91-22-22615172

Email: ammanabiopharma@kslindia.com

Website: www.kslindia.com

Contact Person: Mr. Ajay Puri

REGISTRAR TO THE ISSUE

BIGSHARE SERVICES PRIVATE LIMITED

SEBI Regn No. INR000001385

UIN No. 100003467

E-2, Ansa Industrial Estate,

Sakivihar Road, Saki Naka,

Andheri (East),

Mumbai: 400 072.

Tel: +91- 22-2847 3747/3474

Fax: +91-22-2847 5207

Website: www.bigshareonline.com

Email: bigshare@bom7.vsnl.net.in

Contact Person: Mr. Mahendra Gaur

BANKERS TO THE ISSUE/ ESCROW COLLECTION BANKS

[•]

SYNDICATE MEMBERS

(Will be completed before RoC filing)

BROKERS TO THE ISSUE

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

AUDITORS

M/s. V. Sasidhar

Chartered Accountants

3-131/41, Narsapur Cross Roads,

Balanagar,

Hyderabad: 500 037.

Andhra Pradesh

Tel: +91-40-23875749

Email: sasidhar_vidiyala@rediffmail.com

Contact Person: Mr. V. Sasidhar



STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITY

The responsibilities and co-ordination for various activities in this Issue have been distributed amongst Centrum Capital Limited (Centrum) and Khandwala Securities Limited (Khandwala) as under:

SR. NO.	ACTIVITIES	RESPONSIBILITY	CO-ORDINATOR
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	Centrum, Khandwala	Centrum
2.	Due diligence of the company's operations / Management / business plans/legal etc.	Centrum, Khandwala	Centrum
3.	Drafting & Design of Offer Document and of statutory advertisement including memorandum containing salient features of the Draft Red Herring Prospectus. The designated BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI	Centrum, Khandwala	Centrum
4.	Drafting and approval of Issue and statutory publicity material, etc.	Centrum, Khandwala	Centrum
5.	Drafting and approval of all corporate advertisement, brochure and other publicity material	Centrum, Khandwala	Centrum
6.	Appointment of Registrar, Bankers and Ad agency	Centrum, Khandwala	Centrum
7.	Appointment of Printer	Centrum, Khandwala	Centrum
8.	Marketing of the Issue, which will cover, <i>inter alia</i> , <ul style="list-style-type: none"> • Formulating marketing strategies, preparation of publicity budget • Finalize Media & PR strategy • Finalizing centers for holding conferences for brokers, etc. • Finalize collection centers • Finalize Brokers to the Issue • Finalize Underwriters and Underwriting Arrangement • Follow-up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Offer material 	Centrum, Khandwala	Centrum
9.	Preparation of presentation, finalising the list of QIBs, Division of QIBs for one to one meetings, road show related activities and order procurement	Centrum, Khandwala	Centrum
10.	Managing the Book, Co-ordination with Stock Exchanges, finalising of Pricing and Allocation	Centrum, Khandwala	Centrum
11.	Post bidding activities including management of Escrow Accounts, co-ordination with Registrar and Banks, follow-up with Bankers to the Issue to get quick estimates of collection and advising the Issuer about closure of the Issue, based on correct figures, Refund to Bidders, etc.	Khandwala	Khandwala



12.	The post Issue activities of the Issue will involve essential follow up steps, which must include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrar to the Issue, Banker(s) to the Issue and the bank handling refund business. BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the issuer company.	Khandwala	Khandwala
13.	Invoking the Underwriting obligations and ensuring the underwriters pay the amount of devolvement.	Khandwala, Centrum	Khandwala

The selection of various agencies like the Registrar to the Issue, Bankers to the Issue, Escrow Collection Bank(s), Syndicate Members, Brokers, Advertising agencies, etc. will be finalized by the Company in consultation with the BRLMs.

Even if other intermediaries will handle many of these activities, the designated BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable to discharge this responsibility through suitable agreements with the Company.

CREDIT RATING

As this is an Issue of Equity Shares, there is no requirement of credit rating for this Issue.

TRUSTEES

As this is an Issue of Equity Shares, the appointment of Trustees is not required.

MONITORING AGENCY

The company has set up an Audit Committee comprising of non executive and independent directors who have been charged with the responsibility of monitoring the use of issue proceeds. The company will disclose the utilization of the proceeds of the Issue under a separate head in our Balance Sheet for FY 2006 clearly specifying the purpose for which such proceeds have been utilized. It shall also, in its Balance Sheet for FY 2006, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

BOOK BUILDING PROCESS

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

1. The Company
2. Book Running Lead Managers, in this case being M/s. Centrum Capital Limited and Khandwala Securities Limited.
3. Syndicate Members, who are the intermediaries registered with SEBI, and eligible to act as underwriters. Syndicate Members are appointed by the BRLMs.
4. The Registrar to the Issue M/s BigShare Services Private Limited.
5. Escrow Collection Bank

SEBI, through its guidelines, has permitted an Issue of securities to the public through the 100% Book Building Process, wherein atleast 50% of the Issue shall be allocated on a proportionate basis to QIBs (clause 2.2.2), 11.3.5, 11.3.5(II-a) (including 5% thereof reserved for Mutual Funds).



Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

The Company will comply with these guidelines for this Issue. In this regard, the Company has appointed the BRLMs to procure subscriptions to the Issue.

The process of book building, under SEBI Guidelines, has been in place but the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue.

Pursuant to recent amendments to SEBI Guidelines, QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date. See page [•] for the section titled “Terms of the Issue” in this Draft Red Herring Prospectus.

Steps to be taken by the Bidders for bidding:

1. Check whether he / she is eligible for bidding (refer to the section “Issue Procedure – Who can Bid” on page [•] of this Draft Red Herring Prospectus);
2. Ensure that the bidder has a demat account; and
3. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form.
4. Ensure that the Bid cum Application Form is accompanied by the PAN, or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address in case the bidder bids for Rs. 50,000 or more. See page [•] of this Draft Red Herring Prospectus for details.

UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, the Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfill their underwriting obligations. Since the issue of shares is governed by clause 2.2.2 of SEBI (DIP) Guidelines, 2000, the underwriting shall be for 50% of the Net Issue to the Public, i.e. the allotment of the Issue Size to QIBs shall not be underwritten.

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in Lacs)
CENTRUM CAPITAL LIMITED, Khetan Bhavan, 5 th Floor, 198, J Tata Road, Churchgate, MUMBAI 400 020.	[•]	[•]
KHANDWALA SECURITIES LIMITED Vikas Building, Ground Floor Green Street, Fort, Mumbai: 400 023	[•]	[•]
[•]	[•]	[•]

The above chart is indicative of the underwriting arrangement and this would be finalised after the pricing and actual allocation. The above Underwriting Agreements are dated [•].



In the opinion of the Board of Directors and Book Running Lead Managers (based on a certificate given by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the stock exchange (s). The Board of Directors, at their meeting held on [•], have accepted and entered into the Underwriting Agreement mentioned above on behalf of the Company.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM, and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount.

AUTHORITY FOR THE PRESENT ISSUE

The issue has been authorized pursuant to a resolution of the Board of Directors of the company adopted at its meeting held on 2nd May 2005, and by a special resolution adopted pursuant to Section 81(1A) of the Companies Act 1956, at the Annual General Meeting of the company held on 10th May 2005.

FILING

A copy of the Draft red Herring Prospectus, has been filed with the Corporate Finance Department of SEBI, at 'B' Wing, First Floor, Mittal Court, Nariman Point, Mumbai: 400 021

LISTING

Initial listing applications have been made to NSE and BSE for the permission to list the equity shares and for an official quotation of the Equity shares of the company. BSE will be the Designated Stock Exchange for the issue.

If the permission to deal in and for an official quotation of the Equity shares are not granted by any of the above mentioned stock exchanges, the company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of the Draft Red Herring Prospectus. If such money is not repaid within 8 days after the day from which the issuer becomes liable to repay it (i.e. from the date of refusal or within 70 days from the date of issue of closing date, whichever is earlier), then the company and every director of the company who is an officer in default shall, on and from expiry of 8 days, will be jointly and severally liable to repay the money, with interest as prescribed under Section 73 of the Companies Act, 1956.

The company with the assistance of the BRLMs shall ensure that all the steps for the completion of the necessary formalities for listing and commencement of trading at the stock exchanges mentioned above are taken within seven working days of finalisation of basis of allotment for the issue.



CAPITAL STRUCTURE OF THE COMPANY

SHARE CAPITAL	IN RUPEES	
	FACE VALUE	TOTAL VALUE INCLUDING PREMIUM
A. Authorized Capital 2,10,00,000 Equity Shares of Rs.10 each	21,00,00,000	
B. ISSUED SUBSCRIBED AND PAID-UP CAPITAL 90,00,000 Equity Shares of Rs.10 each fully paid – up	9,00,00,000	
C. PRESENT ISSUE IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS Issue of [•] Equity Shares of Rs. 10 each OUT OF WHICH: [•] Equity Shares of Rs. 10 each towards Promoters Contribution in the Issue	[•]	[•]
D. NET OFFER TO THE PUBLIC [•] Equity Shares of Rs. 10 each	[•]	[•]
E. PAID-UP EQUITY CAPITAL AFTER THE ISSUE [•] Equity Shares of Rs. 10 each	[•]	[•]
F. SHARE PREMIUM ACCOUNT Before the Issue After the Issue		Nil [•]

Details of Increase in Authorised Capital:

Date	Increased from		Increased to	
	Number of Shares	Amount (Rs in lacs)	Number of Shares	Amount (Rs in lacs)
31.10.1994 (Incorporation)	-	-	10,000	1
07.09.1998	10,000	1	50,000	5
25.10.1998	50,000	5	10,00,000	100
28.04.2003	10,00,000	100	30,00,000	300
03.05.2004	30,00,000	300	90,00,000	900
30.05.2005	90,00,000	900	2,10,00,000	2,100



Notes To The Capital Structure:

1. Share Capital History of the Company: (RESOLUTION COPIES, ROC FILING FORMS AS BACK UP PAPERS TO BE TAKEN)

Date of Allotment	Number of Equity Shares	Face Value Rs.	Issue Price Rs.	Consideration (in Rs.)	Nature of Allotment (Bonus, Swap Etc.)	Cumulative Number of Equity Shares	Cumulative Share Premium Rs.
31.10.1994	20	10	10	200	Cash	20	-
20.02.2000	9,99,980	10	10	99,99,800	Cash	10,00,000	-
02.09.2003	20,00,000	10	10	2,00,00,000	Cash	30,00,000	-
08.05.2004	60,00,000	10	10	60,00,000	Cash	90,00,000	-
Total	90,00,000	10	10	7,00,00,000		90,00,000	

2. Promoters Contribution And Lock-In:

Name of the Promoter	Date of allotment	Nature of payment or consideration	Number of Equity Shares	Face Value	Issue Price	Percentage of paid-up capital		Lock-in period in years
				Rs.	Rs.	Pre-Issue	Post-Issue	#
Ammana Equity Fund (P) L td	20.02.2000	Cash	9,99,480	10	-	11.10	[•]	[•] shares for 3 years and [•] for 1 year
	02.09.2003	Cash	20,00,000	10	-	22.22	[•]	[•] shares for 3 years and [•] for 1 year
	08.05.2004	Cash	23,70,040	10	10	26.33	[•]	[•] shares for 3 years and [•] for 1 year
	Subscription in the Issue	Cash	[•]	10	[•]	-	[•]	[•] shares for 3 years and [•] for 1 year
	Total			[•]			-	[•]

Lock-in period shall start from the date of allotment of Equity Shares in terms of this Draft Red Herring Prospectus.



Final Shareholding of the Promoter:

Name of the Promoter	Shares Allotted	Add: Shares acquired by way other than allotment	Less: Shares Transferred	Pre-issue Shareholding
Ammana Equity Fund (P) Ltd.,	53,69,000	520*	NIL	53,69,520
Shri C.B Mouli	100	350	450	NIL

* Ammana Equity Fund (P) Ltd., had acquired 520 Shares by way of transfer from C. Balamouli & B.G.K.Murthy on 8th May' 2004. These shares will also be locked in for the period of three year

Lock-in of Minimum Promoters Contribution:

Name	Date of Allotment	Consideration	No. Of Shares	Face Value	Issue Price	% of Post Issue	Lock – In Period
Ammana Equity Fund (P) Ltd.,	Subscription in the Issue*	Cash	[•]	10	[•]	[•]	3 years
	08.05.2004	Cash	[•]	10	10	[•]	3 years
	2.09.2003	Cash	[•]	10	10	[•]	3 Years
Total			[•]			20.00	

*The shares proposed to be allotted to the promoters at the time of the public issue

- The Promoter Messrs. Ammana Equity Fund Private Limited has given its approval for lock – in of their shareholding as specified above, for vide their letter-dated 31.08.2005. Shares issued last shall be locked-in first. The entire pre-capital, other than that locked-in as minimum promoters' contribution shall be locked in for a period of one year from the date of allotment.

The securities held in physical mode and which are subject to lock-in shall carry inscription 'non-transferable' along with duration specified non-transferable period mentioned in the face of the security certificate.

- The shares locked in by the Promoters are not pledged to any party. The Promoter may pledge the Equity Shares with banks or FIs as additional security for loan whenever availed by him from banks/FIs.
- Shares held by the persons other than the promoters, prior to Initial Public Offering, which are subject to lock in as per extant SEBI (DIP) Guidelines, may be transferred to any other person holding shares which are locked in, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.
- Shares held by promoter(s) which are locked in as per the relevant provisions of Chapter IV of the SEBI (DIP) Guidelines, may be transferred to and amongst promoter/ promoter group or to a new promoter or persons in control of the Company, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as applicable.
- Participation in the present issue by the promoters shall be locked-in for a period of 3 years from the date of allotment in the current issue.



8. Purchase / sale of shares by Promoter Group / Directors of Promoters during the period of six months preceding the date on which DRHP is filed with SEBI.

M/s Ammana Equity Fund (P) Ltd, one of the promoters of the issuer company had acquired 99.80% shares in a company named M/s KML Datapro (P) Ltd. M/s KML Datapro were then allotted shares in Ammana Bio Pharma. Subsequently M/s Ammana Equity Fund Pvt. Limited divested its stake in M/s KML Datapro (P) Ltd. Please refer “ Ventures with which Promoters have disassociated in the last 3 years” for complete details regarding acquisition of shares and divestment of shares by M/s Ammana Equity Fund (P) Ltd. In M/s KML Datapro (P) Limited. M/s KML Datapro (P) Limited sold the shares allotted to it in Ammana Bio Pharma Limited in the last six months. Details for the same are given below:

Sr. No	Date	Company Name	Purchased / Sold	No. of Shares	Price Per Share
1	28/05/2005	KML Datapro (P) Ltd.	Sold	80,000	10

9. Shareholding pattern of the Company before and after the Issue:

Category	Pre-Issue		Post-Issue	
	Number of Shares	%	Number of Shares	%
PROMOTERS				
M/s Ammana Equity Fund (P) Ltd.	53,69,520	59.66	[•]	[•]
Mr. C.B. Mouli	NIL	NIL	[•]	[•]
Total Promoter Holding	53,69,520	59.66	[•]	[•]
PROMOTER GROUP				
Relative, Friends of promoters	24,20,480	26.89	[•]	[•]
Companies Forming Part of Promoter Group	Nil	Nil	[•]	[•]
Total Promoter Group Holding	24,20,480	26.89	[•]	[•]
Total Promoter & Promoter Group Holding (A)	77,90,000	86.55	[•]	[•]
CORPORATES, INSTITUTIONAL INVESTORS & OTHERS				
<u>Directors of the Promoter Group / Promoter / Issuer Company</u>				
B.G.K.Murthy	1,00,000	1.11	[•]	[•]
K.Sridhar Reddy	80,000	0.89	[•]	[•]
Total Director Holding	1,80,000	2.00	[•]	[•]
<u>Indian Companies</u>				
Rich N Rich Finance Holders (P) Ltd.	50,000	0.56	[•]	[•]
Karwa Securities Ltd	500,000	5.56	[•]	[•]
ATC Agro Industries Ltd	320,000	3.56	[•]	[•]
Scorpio Systems Ltd	160,000	1.78	[•]	[•]



Total Indian Company Holding	10,30,000	11.44	[•]	[•]
Public	Nil	-	[•]	[•]
Total Holding of Corporate, Institutional Investors & Others (B)	12,10,000	13.44	[•]	[•]
GRAND TOTAL (A) + (B)	90,00,000	100	[•]	[•]

10. Buy-back and Standby Arrangement:

The Company, its Promoters, Directors or the BRLMs have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company from any person.

11. The Company has not raised any bridge loan against the proceeds of the Issue.

12. The Equity Shares offered through this Public Issue will be fully paid-up.

13. In this Issue, in case of over-subscription in all categories, mandatory 50% of the Net Issue (including 5% reserved for Mutual Funds) to the Public shall be allocated on a proportionate basis to Qualified Institutional Buyers. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price. At the sole discretion of the Company and the BRLMs undersubscription, if any, other than in QIB category would be allowed to be met with spill over from any other category. In case the allotment to QIBs works out to less than 50% of the Net Issue to the Public, the entire bid amount/ subscription money shall be refunded.

14. Equity Shares held by top 10 Shareholders:

Particulars of top 10 shareholders as on the date of filing of the Draft Red Herring Prospectus with SEBI.

Sr. No	Name	No. Of Shares
1	Ammana Equity Fund (P) Ltd.	5,369,520
2	Karwa Securities Ltd	500,000
3	Ramesh Athasnia	350,000
4	ATC Agro Industries Ltd	320,000
5	Anju Gaggar	250,000
6	Sunita Gaggar	250,000
7	Sanjay Goyal	250,000
8	A.C. Ramanujan	200,000
9	Scorpio Systems Ltd	160,000
10	Pankaj Agarwal	100,000

(to be updated at the time of filing the Red Herring Prospectus with the RoC)



Particulars of top ten shareholders 10 days prior to the date of filing of the Draft Red Herring Prospectus with SEBI.

Sr. No	Name	No. Of Shares
1	Ammana Equity Fund (P) Ltd.	5,369,520
2	Karwa Securities Ltd	500,000
3	Ramesh Athasnia	350,000
4	ATC Agro Industries Ltd	320,000
5	Anju Gaggar	250,000
6	Sunita Gaggar	250,000
7	Sanjay Goyal	250,000
8	A.C. Ramanujan	200,000
9	Scorpio Systems Ltd	160,000
10	Pankaj Agarwal	100,000

(to be updated at the time of filing the Red Herring Prospectus with the RoC)

Particulars of top ten* shareholders 2 years prior to the date of filing of the Draft Red Herring Prospectus with SEBI:

Sr. No.	Name of the Share Holder	Total No of Shares
1	Ammana Equity Fund (P) Ltd.,	29,99,480
2	C.Balamouli	450
3	BGK Murthy	70

The company had only 3 shareholders.

(to be updated at the time of filing the Red Herring Prospectus with the RoC)

15. As of the date of the Draft Red Herring Prospectus, there are no outstanding financial instruments or warrants or any other right that would entitle the existing Promoter or Shareholders, or any other person any option to receive Equity Shares after the offering.

16. DETAILS OF SHARE ISSUED FOR CONSIDERATION OTHER THAN CASH IF ANY WITHIN THREE YEARS:

There have been no shares issued for consideration other than cash within previous three years.

17. The Company has not revalued any of its Fixed Assets. It has not issued any Equity Shares out of revaluation reserves.

18. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the Equity Shares offered through this Draft Red Herring Prospectus have been listed.

19. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.



20. The Company presently do not intend or propose to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split or consolidation of the Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, or if the Company enters in for acquisitions or joint ventures, it may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition and/ or participation in such joint ventures.
21. No single applicant can make an application for number of shares, which exceeds the number of shares offered, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
22. The total number of members of the Company as on August 31, 2005 are 52.
23. An oversubscription to the extent of 10% of the Issue size can be retained for the purpose of rounding off to the nearer multiple of while finalising the allotment.
24. No shares have been allotted through a public issue in the last two years nor has the Company bought back its equity shares in the last six months.
25. The Company was sanctioned banking facilities to the tune of Rs. 172 lacs from SBI, IFB, Hyderabad for meeting the working capital requirements of our Company. It has received a no-objection certificate dated 6th June, 2005 from State Bank of India for the issue.
26. There are restrictive covenants under the terms and conditions of this agreement executed with the State Bank of India. Some of these restrictive covenants require the prior permission of the said Bank for the following for example, formulation of Scheme of Amalgamation/ Reconstruction, entering into borrowing arrangements with any Bank, financial institution, company or otherwise accept deposits and making any drastic changes in the management set-up.
27. Promoters' Contribution has been brought in to the extent of specified minimum lot from persons defined as 'Promoters' under the guidelines.
28. The promoter has already brought in Rs.120.93 Lacs and shall bring in further Rs. 29.09 Lacs as the contribution ([•] shares X upper band price) towards the issue atleast a day prior to the issue opening date, which shall ensure 100% subscription towards Promoters contribution. The said amount will be kept in an escrow account with a scheduled commercial bank and the said contribution / amount shall be released to the company along with the Public Issue proceeds.



I OBJECTS OF THE ISSUE

The Objects of the Issue are

1. Expansion of Existing Unit
2. Setting-up of Sweet Sorghum Project
3. To meet the expenses of this issue
4. To get Company's shares listed on BSE and NSE.
5. To service the pre operative expenditure of the existing project.

One of the objects of the issue is to raise capital for financing expansion of existing Plant & machinery for production of Rectified Spirits to be integrated for zero discharge in order to comply with Pollution Control Board norms under primary/secondary treatment. The finance will also be used to commission Sweet Sorghum project under successfully tested Thermo Permeation Technology by using sweet sorghum as the feedstock.

Requirement Of Funds

The total estimated requirement of funds is as under:

<i>Rs in Lacs</i>		
Sr. No.	Description	Total
I.	EXPANSION OF EXISTING FACILITIES	863.50
II.	SETTING-UP OF SWEET SORGHUM PROJECT	1001.72
III.	IPO EXPENSES	204.80
IV	PRE – OPERATIVE EXPENSES	96.00
	Total	2166.02

Funding Plans (Means Of Finance)

The above fund requirement is proposed to be met through the following funding plan:

<i>Rs in Lacs</i>		
Sr. No.	Description	Total
I	PROMOTERS CONTRIBUTION	150.02
II	PROCEEDS FROM THE PRESENT IPO	2016.00
	TOTAL	2166.02

Project Details:

1. EXPANSION OF EXISTING UNIT (Rs. 863.50 Lacs)

The company's existing capacity of manufacturing is 15,500 liters per day of Ethanol and 14,500 liters per day of ENA. The company now proposes to expand the existing facilities so that it can manufacture 30,000 liters per day of Ethanol and 30,000 liters per day of ENA. The company estimates an amount of Rs.275.25 lacs towards fermentation distillation suitable to multi feed system and also Rs.291.75 lacs for commissioning the effluent treatment project as per Central Pollution Board regulations for achieving zero discharge and generation of bio gas as feed for boilers. The remaining amount of Rs.255.94 lacs is required towards various connectivity equipment along with related civil works. Duties and taxes estimated to carry on the above-mentioned activities is approximately Rs. 40.56 lacs. However the civil work and fabrication items are excluded while calculating duties and taxes since they will be conducted at factory premises.



Break Up of the cost of Plant & machinery

Rs. In Lacs

Sr. No	Plant & Machinery	Estimates	Name of the Supplier	Date of Quotations/Orders
1) Fermentation & Distillation suitable to multifeed system				
A	30,000 LPD Fermentation Plant	155.25	Disti- Chem Metal Works	03.09.2005
B	30,000 LPD Distillation Plant	120.00	Disti- Chem Metal Works	03.09.2005
			275.25	
2) Effluent treatment project as per Central Pollution Board Regulations for Zero discharge				
A	Bio fuel equipment	135.00	Reva Enviro Systems (P) Ltd.,	03.02.2005
B	TRID Chemical Secondary Treatment	156.75	Trid-Chem Legal Services (P) Ltd.	09.09.2005
			291.75	
C	Civil Erection & Commissioning	12.30	Erection India	06.09.2005
D	RS to ENA Plant	110.00	Disti-chem	03.09.2005, Ordered
E	Boiler	88.64	S.V.E Engineer	06.09.2005, Ordered
			210.94	
3) Co – generation				
A	Turbo Set 11.3 TPH, 800KW, 380 C,32 kg/cm.	45.00	S.V.E Engineer	06.09.2005, Ordered
			45.00	
4)	Duties & Taxes	40.56		
	Total		863.50	

The orders to the extent of Rs. 255.94 Lacs (including Civil Erection & Commissioning to the tune of Rs. 12.30 Lacs) for the above machinery based on the quotation have placed. with original. The company has already paid an advance of Rs. 51.50 lacs till 31st August 2005 to the suppliers of the above-mentioned machinery.

Quarter Wise Break Up of Implementation of Expansion Project

Rs. In Lacs

Project Activities	Already Incurred	Quarter 1 April 2006 – June 2006	Quarter 2 July 2006 – September 2006	Quarter 3 Oct 2006 – December 2006	Total
Multi feed system	-	72.24	115.59	101.13	288.96
ETP Plant	51.50	80.96	185.44	211.94	529.84
Co generation	-	17.88	11.18	15.64	44.70
Total	51.50	171.08	312.21	328.71	863.50

2. SETTING-UP OF SWEET SORGUM PROJECT (Rs. 1001.72 Lacs)

The following equipment for sweet sorghum project is quoted at Rs.887.00 lacs (lumpsum) by M/s. PRAJ Industries Ltd. The Company estimates an Excise Duty and CST to the tune of Rs. 112.00 Lacs on equipment valued at Rs. 560.00 Lacs and Packing and Forwarding charges to the extent of Rs. 2.72 Lacs (excluding taxes on civil works and fabrication items) vide their quotation dated 8th April 2005.



The fabrication work will be conducted at the factory premises.

- ❖ Thermopermeation process:
- ❖ Thermopermeator (Trough with compartments and rake carrier)
- ❖ Pumps for intercirculation of juice
- ❖ Biochemical dosing tank
- ❖ Biochemical dosing pump
- ❖ Secondary juice and recycle juice tank
- ❖ Secondary juice pump
- ❖ Preheater
- ❖ Mixed juice tank
- ❖ Mixed juice pumps
- ❖ Mixed juice preheater.
- ❖ Whirler tank
- ❖ Unscreened juice pump
- ❖ Screened juice tank
- ❖ Screened juice pumps
- ❖ DSM Screen
- ❖ Milling Section:
- ❖ Rake carrier
- ❖ Donnelley chute
- ❖ Milling tandem with 3 mills
- ❖ Bagasse conveyor
- ❖ Main juice collection tank
- ❖ Main juice pumps
- ❖ Main Juice screen.
- ❖ Screened juice pumps
- ❖ Secondary juice tank and pumps
- ❖ Unscreened juice Tanks & Pumps
- ❖ Juice heaters Rotary screens
- ❖ Juice Treatment and evaporation section:
- ❖ Juice Heater
- ❖ Milk Of Lime Plant
- ❖ Milk of lime storage tanks
- ❖ Pumps
- ❖ Lime slacker
- ❖ Rake Type classifier
- ❖ Clarifier
- ❖ Rotary Vacuum Filter
- ❖ Vacuum Pump
- ❖ Belt Conveyor for press mud transfer
- ❖ Evaporators for juice
- ❖ Condensate Tanks
- ❖ Condensate Transfer Pumps
- ❖ Condenser
- ❖ Syrup handling section:
- ❖ Syrup receiving tank
- ❖ Syrup Charging Pumps
- ❖ Syrup Coolers
- ❖ Cooling tower and pumps



With the installation of these plant including machinery, and with Thermo Permeation Technology the company can use multi feed raw material like sweet sorghum, sugar cane juice, maize, tapioca and black jaggery and will have an advantage of low cost of production. The sweet sorghum project helps the Company in reducing substantially the cost of production and thereby making the unit globally competitive and also totally self-supportive for energy requirements, baggase and bio gas and press mud for zero discharge.

The net proceeds of the issue after deducting the IPO expense is estimated at Rs. [•] lacs. The issue amount will be determined based on the issue price discovered through the Book building process.

The Sweet Sorghum project is adopted from M/s Praj Industries Limited provides features of Multi Feed System to use an array of raw materials like Maize, Tapioca, Sugarcane juice, jaggery apart from Sweet Sorghum so as to sustain the project round the year against the vagaries of the nature and to achieve low cost of production.

Quarter Wise Break Up of Implementation of Sweet Sorghum Project

Project Activities	Already Incurred	Rs. In Lakhs			Total
		Quarter 1 April 2006 – June 2006	Quarter 2 July 2006 – September 2006	Quarter 3 Oct 2006 – December 2006	
Sweet Sorgum	-	250.44	350.60	400.68	1001.72
Total	-	250.44	350.60	400.68	1001.72

3. IPO EXPENSES (Rs. 204.80 Lacs)

The expenses for this Issue includes underwriting and management fees, selling commission, distribution expenses, legal fees, fees to advisors, stationery costs, advertising expenses and listing fees payable to the Stock Exchanges, among others. The total expenses for this Issue are estimated at Rs. 204.80 lacs being, which will be paid by the Company.

Sr. No	Particulars	Amount (Rs. In Lacs)
1	BRLMs Fees/ Brokerage and Underwriting	100.80
2	Registrars	12.00
3	Others i.e. legal charges, advertising, contingencies	116.00
	Total	204.80

4. PRE OPERATIVE EXPENSES (Rs. 96.00 Lacs)

For setting up the existing plant, the company had applied for a term loan of Rs. 995.00 lacs and working capital limits of Rs. 172.00 lacs to State Bank of India and the same was sanctioned by the bank. Out of which Rs. 995.00 lacs of term loan and Rs. 18.22 lacs of working capital loan was availed. The plant has already been set up however the commercial production is still not begun. All the bank interest (towards term loan and working capital loan) and establishment expenses to be incurred before commercial production i.e. upto 30th September 2005 has been classified under pre operative expenses. Detailed break up of the same is as follows:

		Rs. In Lacs
Sr. No	Particulars	Amount
1	Bank Interest	87.91
2	Establishment Expenses	8.09
	Total	96.00



Quarter Wise Break Up of Pre Operative Expenses

Rs. In Lacs

Project Activities	Already Incurred	Quarter 1 October 2005 – December 2005	Total
Bank Interest	54.91	33.00	87.91
Establishment Expenses	6.82	1.27	8.09
Total	61.73	34.27	96.00

FUNDS DEPLOYED ON THE OBJECTS OF THE ISSUE

The total amount spent towards the objects of the Issue upto September 30, 2005 is Rs. 120.93 lacs as certified by M/s V. Sasidhar, Chartered Accountants, Hyderabad, the Statutory Auditors of the Company vide their Letter dated October 3, 2005. The details of the amount spent are a given below:

<i>Rs in Lacs</i>		
Sr. No	Description	Already incurred
I	EXPANSION OF FACILITIES	51.50
II	SETTING-UP OF SWEET SORGUM PROJECT	-
III	IPO EXPENSES & ROC FEES	7.70
IV	PRE OPERATIVE EXPENSES	61.73
	Total	120.93

SOURCES OF FINANCING FOR THE FUNDS ALREADY DEPLOYED

The above amount of Rs. 120.93 lacs has been spent from out of the sources of financing detailed below:

Rs in Lacs

Sr. No.	Description	Total
1	Share Application Money from Ammana Equity Fund Pvt Ltd	120.93
	TOTAL	120.93

DETAILS OF BALANCE FUND DEPLOYMENT

The remaining amount of Rs. 2045.07 Lacs is proposed to be incurred by the Company in the fiscal 2006 and fiscal 2007. The quarter-wise break-up of the fund deployment is as follows:

(Rs. In Lakhs)

Sr No	Description	already incurred (Rs.)	Fiscal 2006 (Rs.)		Fiscal 2007 (Rs.)				Total (Rs.)
			Oct - Dec	Jan - Mar	Apr - Jun	Jul - Sep	Oct - Dec	Jan - Mar	
I.	EXPANSION OF EXISTING UNIT	51.50	----	171.08	312.21	328.71	-----	----	863.50
II.	SETTING-UP OF SWEET SORGUM PROJECT	----	----	----	250.44	350.60	400.68	----	1001.72
III.	IPO EXPENSES	7.70	98.55	98.55	----	----	----	----	204.80
IV.	PRE OPERATIVE EXPENSES	61.73	34.27	-----	----	----	----	----	96.00
	TOTAL	120.93	132.82	269.63	562.65	679.31	400.68	-----	2166.02



INTERIM USE OF PROCEEDS

Pending any use as described above, the Company intends to invest the proceeds of this Issue in high quality, interest/dividend bearing short term/long term liquid instruments including deposits with banks for the necessary duration. These investments would be authorised by the Company's Board or a duly authorised committee thereof.

Shortfall of funds

The shortfall in funds, if any, shall be met from debt financing.

Monitoring of Utilization of Funds

The company has set up an Audit Committee comprising of non executive and independent directors who have been charged with the responsibility of monitoring the use of issue proceeds. The company will disclose the utilization of the proceeds of the Issue under a separate head in our Balance Sheet for FY 2006 clearly specifying the purpose for which such proceeds have been utilized. It shall also, in its Balance Sheet for FY 2006, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

No part of the Issue proceeds will be paid by us as consideration to our Promoters, our Directors, key management personnel or companies promoted by our Promoters except in the usual course of business.

BASIC TERMS OF ISSUE:

The Equity shares being offered are subject to the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of this Draft Red Herring Prospectus, Bid-Cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice and other documents/ certificates that may be executed in respect of the issue. The Equity Shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchange, RBI, RoC and/ or other authorities as in force on the date of the issue and to the extent applicable.

BASIS FOR ISSUE PRICE:

The Issue Price will be determined by the Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares offered by way of Book Building..

Investors should read the following summary with the Risk Factors included from [●] to [●] and the details about the Company and its financial statements included in this Draft Red Herring Prospectus. The trading price of the Equity Shares of the Company could decline due to these risks and the investor may lose all or part of his investment.

Qualitative Factors:

- ❖ Integrated Bio – fuel unit having total captive supply of feedstock, energy requirements and zero discharge of effluents enabling working round the year.
- ❖ Has overcome the major entry barriers of receiving clearances from the Central Pollution control Board and State government licenses.
- ❖ Has a early Mover Advantage of entering a sun rising industry viz. Fuel Ethanol.
- ❖ Has a logistical advantage of covering number of blending depots of the oil companies giving the oil companies a substantial savings in their transportation cost.
- ❖ Has an advantage of manufacturing qualitative ENA for premium liquor brands with the feedstock of Sweet Sorghum.



Quantitative Factors:

1. Adjusted Earning per Share (EPS):

Since the company has not commenced commercial operations till 2005 the operating / performance data do not have any material significance.

2. Price/ Earning Ratio (P/E) in relation to Issue Price of [•]:

Since the company has not commenced commercial operations till 2005 the operating / performance data do not have any material significance.

3. Return on Net Worth:

Since the company has not commenced commercial operations till 2005 the operating / performance data do not have any material significance.

4. Minimum Return on Increased Net Worth required to maintain pre – issue EPS: [•]

5. Net Asset Value (NAV):

Since the company has not commenced Commercial operations till 2005 the operating / performance data do not have any material significance.

Note:

Net Asset Value per Share = (Equity Share Capital *plus* Reserves and Surplus *less* Miscellaneous Expenditure to the extent not written off) / No. of Equity Shares.

6. Comparison of accounting ratios of the Company with the peer group for the FY 2004-05

Since the company has not commenced commercial operations till 2005 the operating / performance data do not have any material significance.

7. The face value of Equity Shares of Ammana is Rs. 10/- and the issue price is [•] time of the face value.

The Issue Price of Rs. [•] has been determined by the Company in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors.



TAX BENEFITS:

The statutory auditors for the company are **V. Sasidhar**, Chartered Accountants who vide letter dated September 01, 2005 have stated the possible tax benefits available to Ammana Bio Pharma Limited (the "Company") and its shareholders under the current tax laws presently in force in India.

M/s AMMANA BIO PHARMA LIMITED
1-7-297/18, 125 M.G.Road,
Above Godrej Show Room,
Secunderabad – 500003.

Dear Sir,

Sub: STATEMENT OF TAX BENEFITS

I hereby certify that the enclosed annexure states the tax benefits available to Ammana Bio Pharma Limited (the "Company") and to the Shareholders of the Company under the provisions of the Income Tax Act, 1961 and other direct tax laws presently in force.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

A shareholder is advised to consider in his/her/its own case, the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

STATEMENT OF TAX BENEFITS

The following tax benefits shall be available to the Company and the prospective shareholders under Indian direct and indirect tax laws.

A. To the Company

A1. Under the Income-tax Act, 1961 ("IT Act")

1. By virtue of Section 10(34) of the IT Act, income earned by way of dividend income referred to in Section 115O of the IT Act, from another domestic company is exempt from tax.
2. Under Section 115JAA (1A) credit shall be allowed of any MAT paid under Section 115JB of the Act for any A.Y. commencing on or after April, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income-tax Act. Such MAT credit shall be available for set -off upto 5 years succeeding the year in which the MAT credit initially arose.
3. The corporate tax rate shall be 30% and surcharge on tax shall be 10%.
4. Under Section 32 the rates of depreciation on plant and machinery would normally be 15% and those on furniture and fittings 10% and motor cars 15%. Initial depreciation on plant and machinery would be 20%
5. In addition to income tax, a fringe benefit tax at the rate of 30% (plus surcharge and education cess) would be payable in respect of fringe benefits provided/deemed to be provided to the employees.



B. To the Members of the Company

Under the Income Tax Act, 1961 Resident Members

1. By virtue of Section 10(34) of the IT Act, income earned by way of dividend income from domestic Company referred to in Section 1 ISO of the IT Act, are exempt from tax in the hands of the shareholders.
2. In terms of section 10(38) of the Act, any long term capital gains arising to a shareholder from transfer of long term capital asset being an equity shares in a Company would not be liable to tax in the hands of the shareholder if the following conditions are satisfied:
 - a. The transaction of sale of such equity share is entered into on or after 10th September, 2004
 - b. The transaction is chargeable to such securities transaction tax as explained below.
3. In terms of Securities Transaction Tax as enacted by Chapter VII of the Finance (No.2) Act, 2004, transactions for purchase and sale of the securities in the recognized stock exchange by the shareholder, shall be chargeable to securities transaction tax. As per the said provisions, any delivery based purchase and sale of equity share in a Company through the recognized stock exchange is liable to securities transaction tax at the rate of 0.075% of the value payable by both buyer and seller. The delivery based sale transactions are liable to tax @ 0.015% of the value payable by the seller.
4. The securities transaction tax will be charged from the assessment year 2006-07 as under: -
 - (i) delivery based purchase and sale of equity shares will be liable to Securities Transaction tax at the rate of 0.10%, and
 - (ii) non-delivery based sale transactions will be liable to securities transaction tax at the rate of 0.02%.
5. Certain transactions have been specifically excluded from the definition of a speculative transaction by Finance Act, 2005. An eligible transaction (a transaction which, inter-alia, is carried out electronically on a recognized stock exchange) in derivatives will not be regarded as a speculative transaction. Consequently gain/ loss thereof will not be regarded as speculation gain/loss.
6. In terms of section 88E of the Act, the securities transaction tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the chargeable under the head "Profit and gains of business or profession" arising from taxable securities transactions. As such, a deduction will be allowed in computing the income chargeable to tax as capital gains, such amount paid on account of securities transaction tax.
7. In terms of section 10(23D) of the Act, all Mutual Funds set up by Public Sector Banks or Public Financial Institutions, Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income tax on all their income, including dividend from investments in the shares of the Company.
8. Under section 48 of the Act, if the Company's shares are sold after being held for more than twelve months, the gains (in cases not covered under section 10(38) of the Act), if any, will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
9. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gains not covered under section 10(38) of the Act arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gains are invested within a period of 6 months after the date of such transfer for a period of at least three years in bonds issued by:



- a. National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
 - b. National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988
 - c. Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
 - d. National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - e. Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989
10. Under section 54ED of the Act and subject to the conditions and to the extent specified therein, long term capital gains (in cases not covered under section 10(38) of the Act) on the transfer of shares of the Company, as and when it is listed, will be exempt from capital gains tax if the capital gains are invested in shares of an Indian Company forming part of an eligible issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –
- a. the issue is made by a public company formed and registered in India;
 - b. the shares forming part of the issue are offered for subscription to the public.
11. Under section 54F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two years after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
12. Under section 111 A of the Act and other relevant provisions of the Act, short-term capital gains (i.e., if shares are held for a period not exceeding 12 months), arising on transfer of shares in the Company on a recognized stock exchange, shall be taxed at a rate of 10% (plus applicable surcharge).

Non-Resident Indians/Non-Resident Shareholders (Other than FIs)

Apart from benefits as mentioned in points 1, 2, 3, 4,5,6, 9,10 and 11 of B above

13. Under section 115-1 of the Act, the non-resident Indian shareholder has an option to be governed by the provisions of Chapter XII-A of the Income Tax Act, 1961 viz. "Special Provisions Relating to Certain Incomes of Non-Residents" which are as follows:-
- a. Under section 115E of the Act, where shares in the Company are acquired or subscribed for in convertible Foreign Exchange by a Non-Resident Indian, capital gains arising to the non-resident on transfer of shares held for a period exceeding 12 months on a recognized stock exchange, shall (in cases not covered under section 10(38) of the Act) be concession ally taxed at the flat rate of 10% (plus applicable surcharge) (without indexation benefit but with protection against foreign exchange fluctuation).
 - b. Under provisions of section 115F of the Act, long term capital gains (in cases not covered under section 10(38) of the Act) arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange (in cases not covered under section 115E of the Act) shall be exempt from Income tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.



Foreign Institutional Investors (FIIs)

Apart from benefits as mentioned in points 1, 2, 3, 4, 9 and 10 of B. above

14. The income by way of short term capital gain or long term capital gains (not covered under section 10(38) of the Act) realized by FIIs on sale of shares in the Company would be taxed at the following rates as per Section 115AD of the Income Tax Act, 1961.

Short term capital gains - 10% (plus applicable surcharge)

B2. Under the Wealth Tax Act, 1957

15. Shares held in a Company will not be treated as an asset within the meaning of Section 2 (ea) of Wealth Tax Act, 1957; hence Wealth Tax Act will not be applicable.

B3. Under the Gift Tax Act, 1958

16. Gift made after 1st October 1998 is not liable for any gift tax and hence gift of shares of the Company would not be liable for any gift tax.

Notes: -

- A. All the above benefits are per the current tax law as amended by the Finance (No.2) Act, 2005. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint hold.
- B. In respect of non-resident, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non-resident has fiscal domicile.
- C. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.



SECTION IV: ABOUT AMMANA BIO PHARMA LIMITED

1. INDUSTRY OVERVIEW:

The unit manufactures three basic products viz. A) Fuel Ethanol, popularly known as 'Gasohol', B) Extra Neutral alcohol or potable alcohol and C) Rectified Spirit by multifeed system including sweet sorghum as main basic raw material which provides many advantages over molasses including low cost of production. The industry overview in respect of the three basic products along with sweet sorghum is furnished as under.

A. FUEL ETHANOL

WHAT IS ETHANOL?

Ethanol (ethyl alcohol, grain alcohol, ETOH) is a clear, colorless liquid with a characteristic, agreeable odor. In dilute aqueous solution, it has a somewhat sweet flavor, but in more concentrated solutions it has a burning taste. Ethanol, $\text{CH}_3\text{CH}_2\text{OH}$, is an alcohol, a group of chemical compounds whose molecules contain a hydroxyl group, $-\text{OH}$, bonded to a carbon atom. The word alcohol derives from Arabic al-kuhul, which denotes a fine powder of antimony produced by distilling antimony and is used as an eye makeup. Alcohol is originally referred to any fine powder, but medieval alchemists later applied the term to the refined products of distillation, and this led to the current usage.

Ethanol melts at -114.1°C , boils at 78.5°C , and has a density of 0.789 g/mL at 20°C . Its low freezing point has made it useful as the fluid in thermometers for temperatures below -40°C , the freezing point of mercury, and for other low-temperature purposes, such as for antifreeze in automobile radiators.

Ethanol has been made since ancient times by the fermentation of sugars. Entire beverage ethanol and more than half of industrial ethanol is still made by this process. Simple sugars are the raw material. Starches from potatoes, corn, wheat, and other plants can also be used in the production of ethanol by fermentation. However, the starches must first be broken down into simple sugars. An enzyme released by germinating barley, diastase, converts starches into sugars.

USES OF ETHANOL

Ethyl Alcohol (Ethanol) is used (1) in the manufacture of Alcoholic beverages (2) as an industrial solvent (3) in the manufacture of drugs, intermediates, formulations, favoring extracts and tonics (4) In hospitals as an antiseptic (5) as a mobile liquid in scientific apparatus such as thermometers and spirit levels (6) as an antifreeze in automobile radiators (7) in lacquers and varnishes (8) as a preservative of biological specimens (9) in the manufacture acetaldehyde, acetic acid, ethyl chloride and ethyl acetate (10) In the manufacture of synthetic rubbers (11) mixing with petrol for using as Fuel Ethanol or Gasohol.

BENEFITS OF USING ETHANOL - LEADING THE WAY TO A BETTER WORLD

Demand for high performance, environmentally friendly fuels presents exciting opportunities to expand the use of ethanol into new markets and emerging technologies. From fuel cells to diesel fuel markets and even aviation fuel, ethanol can lead the way to a cleaner environment and reduced foreign oil dependence.

Ethanol is also made from renewable source of energy as against MTBE, which is a petrochemical. In order to set up plants of MTBE large investments are required as these plants are of very large capacities. On the other hand, adequate capacity of ethanol already exists in the country and relatively low investment is required for setting up plants for producing anhydrous grade. There are a number of other benefits including benefits to the farmers. . Also the long-term goal of sustainable development dictates that renewable forms of energy are encouraged and investments be made at present to achieve this goal



Ethanol as a Fuel – Fuel Ethanol

The fuel Ethanol / Gasohol is assuming global importance on account of its nature as non-pollutant oxidizing agent as a substitute to present MTBE which is highly pollutant and cancer causing. Ethanol is environmental friendly with particular reference in reducing pollution emissions from automobiles.

The concept of ethanol as a fuel began as early as the first Model T car designed by Henry Ford. American usage of ethanol-blended gasoline began in the late 1970s. Environmentally, the use of ethanol blends has assisted in reducing carbon monoxide emission. Primary market values of ethanol, as an additive to petrol, are as a high quality octane enhancer, a fuel extender and as oxygenating fuel component for cities with air quality problems. The addition of 10% ethanol increased the octane level by 2.5-3 points and adds 3.5% weight oxygen to the base gasoline. Due to this oxygen, it contributed to a cleaner, more efficient combustion in the automobile engine, resulting in lower harmful exhaust emissions.

Ethanol is used as an automotive fuel by itself and can be mixed with gasoline to form what has been called "gasohol" **FUEL ETHANOL**- the most common blends contain 10% ethanol and 85% ethanol mixed with gasoline. Over 1 billion gallons of ethanol are blended with gasoline every year in the United States. Because the ethanol molecule contains oxygen, it allows the engine to more completely combust the fuel, resulting in fewer emissions. Since ethanol is produced from plants that harness the power of the sun, ethanol is considered a renewable fuel. Therefore, ethanol has many advantages as an automotive fuel.

Ethanol Diesel

Since the early 1970's, ethanol has been used successfully in gasoline to expend petroleum fuel supplies and enhance octane. Today, ethanol is also gaining acceptance for use in diesel. Recent studies support ethanol diesel blends as a viable alternative to conventional diesel, with the primary benefit of lowering emissions. The Ethanol Diesel Reduced Emissions Fuel Team (EDREFT) is investigating the viability of Ethanol-Diesel and addressing the production, distribution, and marketing issues of the new fuel. (Source Glenn Kenreck in "The Energy Independent" publication. Volume 6, Issue 10.)

The fuels have been extensively tested in diesel-powered farm, on-road, and off-road equipment. These include heavy-duty trucks, city buses, farm machinery and a light duty pickup truck.

WHY USE ETHANOL IN FUEL?

❖ Ethanol Is Best For Air

Ethanol is one of the best tools we have to fight air pollution from vehicles. Ethanol contains 35% oxygen. Adding oxygen to fuel results in more complete fuel combustion, thus reducing harmful tailpipe emissions. Ethanol also displaces the use of toxic gasoline components such as benzene, a carcinogen. Ethanol is non-toxic, water soluble and quickly biodegradable.

Ethanol reduces exhaust VOC emissions by 12%. Ethanol reduces toxic emissions by 30%. Ethanol reduces particulate emissions, especially fine-particulates that pose a health threat to children, senior citizens, and those with respiratory ailments. Ethanol as octane booster in motor fuels is used as an automotive fuel by itself and can be mixed with gasoline form what has been called "gasohol" **Fuel Ethanol**. Because ethanol molecule contains oxygen, it allows the engine to more completely combust the fuel, resulting in fewer emissions.

❖ Renewable form of Fuel

Ethanol is a renewable fuel produced from plants, unlike petroleum-based fossil fuels that have a limited supply and are the major contributor of carbon dioxide emissions, a greenhouse gas.



❖ **Difference in the relative cost**

The relative costs of ethanol versus other octane enhancers and versus gasoline itself can vary greatly over time and for different countries and technologies. Depending on the local economics of gasoline, sugar, ethanol, and lead additives, ethanol can be as cheap or cheaper than lead as a source of octane for gasoline. In some situations, ethanol can even be as cheap or cheaper than gasoline.

Therefore, ethanol has many advantages as an automotive fuel.

USE OF ETHANOL WORLDWIDE

There is now virtually universal acceptance of the need to eliminate lead from gasoline.

On March 20, 2000, the Clinton administration decided to phase out MTBE in the next three years as a gasoline additive on grounds it poses a risk to public health or the environment. MTBE a leading oxygenate and octane booster, reduces emissions of smog, and it has been linked to groundwater pollution in California and elsewhere. It is used in 1/3 of the gasoline sold in the United States.

Other countries are both producing and using ethanol in large quantities or are providing incentives to expand ethanol production and use. Brazil and Sweden are using large quantities of ethanol as a fuel. Some Canadian provinces promote ethanol use as a fuel by offering subsidies of up to 45 cents per gallon of ethanol.

In France, ethanol is produced from grapes that are of insufficient quality for wine production. Prompted by the increase in oil prices in the 1970s, Brazil introduced a program to produce ethanol for use in automobiles in order to reduce oil imports. Brazilian ethanol is made mainly from sugar cane. Pure ethanol (100% ethanol) is used in approximately 40 percent of the cars in Brazil. The remaining vehicles use blends of 24 percent ethanol with 76 percent gasoline. Brazil consumes nearly 4 billion gallons of ethanol annually. In addition to consumption, Brazil also exports ethanol to other countries.

Sweden has used ethanol and, its crude oil consumption has been cut in half since 1980. During the same time period, the use of gasoline and diesel for transportation has also increased. Emissions have been reduced by placing catalytic converters in vehicle exhaust systems which decrease carbon monoxide, hydrocarbon, and nitrogen oxide emissions. To address global warming concerns, the amount of carbon dioxide produced while burning fossil fuels must be reduced. Ethanol-blended gasoline and ethanol-blended diesel are being considered as viable alternatives to further lower emission levels.

The potential to replace lead additives with ethanol manufactured from sugar or molasses had emerged very naturally. While long recognized as a good source of octane, and used in a number of countries, including the United States, ethanol has emerged slowly as a lead replacement

USE OF ETHANOL IN INDIA

India is initiating the use of ethanol as an automotive fuel. A move has been made by distilleries in India to use surplus alcohol as a blending agent or as oxygenate in gasoline. Based on experiments by the Indian Institute of Petroleum, a 10 percent ethanol blend with gasoline and a 15 percent ethanol blend with diesel are being considered for use in vehicles in at least one state.

All the advanced countries in the world are making Ethanol blending with petrol as mandatory and therefore in this particular context India is also toeing in line with these countries. The Government of India has reviewed its latest policy by making ISMA (Indian Sugar Mills Association) as a nodal agency during June'2005 and emerged with a long term policy for EBP (Ethanol Blending Program) and decided to make 5% Ethanol blending with Petrol as mandatory in 10 States and 4 Union Territories from July'2005 and accordingly the Ethanol Industry is given a thrust. Against this backdrop the oil companies have called for tenders in various parts of India. In the state of Uttar Pradesh in India oil companies have already started lifting the stock. Gasohol is particularly essential in Indian context as its not only agro based boosting rural economy, also conserves precious foreign exchange in saving import cost of crude oil.

(Source: 10th Five-Year Plan)



DEMAND & SUPPLY POSITION IN INDIA

Demand:

Ethanol market is mainly dependent on the requirements from oil companies in India. So far generation of demand for ethanol has been very low as it takes considerable time for IOC's units to finalize purchase of ethanol against offers made by distilleries in response to their tenders.

According to MPNG, 5% ethanol blends on an all-India basis would require 500 million liters. With gasoline demand expected to increase from 7.9 million tones in 2001-02 to 11.6 million tones in 2006-07, the requirement of ethanol at 5 per cent blending is expected to rise from 465 million liters to 682 million liters.

However it is to be noted that the oil companies have not extended Ethanol blending programme to all their oil depots, hence exact demand cannot be arrived now.

Estimated requirement from Andhra Pradesh, Tamilnadu & Karnataka as given by Department of Statistics, Ministry of Petroleum & Natural Gas is as follows:

Andhra Pradesh	Karnataka	Tamil Nadu
40 million litres	35.3 million litres	50 million litres
<i>Source: Department of Statistics, Ministry of Petroleum & Natural Gas</i>		

Also the oil companies in the tender (Tender No.ETHANOL/JT-INDUSTRY/PT/SR/7) invited by them have given some data about the immediate requirements from certain depots in Andhra Pradesh, Tamilnadu & Karnataka which is reproduced as below:

OIL COMPANY WISE / LOCATION WISE REQUIREMENT

STATE: ANDHRA PRADESH

All Quantities are in Kilo Litres

LOCATION	IOC	HPC	BPC	CPCL	IBP	TOTAL
Kondappalli	2220	1650	1550	0	2000	7420
Gokavaram	1728	1388	0	0	0	3116
Suryapet	0	1005	0	0	0	1005
Ongole	0	0	382	780	0	1162
Cuddappah	0	495	0	1972	0	2467
Vizag	1968	1876	1974	0	0	5818
Hyderabad (Ghatkesar/ Cherlapally/ Sanathnagar)	1008	11505	7500	0	0	20013
Warangal	0	0	945	0	0	945
Ramagundam	2100	600	0	0	0	2700
Guntakal	0	1305	0	1008	0	2313
TOTAL	9024	19824	12351	3760	2000	46959

STATE: TAMILNADU

All Quantities are in Kilo Litres

LOCATION	IOC	HPC	BPC	IBP	CPCL	TOTAL
Tuticorin	2239	0	0	0	0	2239
Irugur	4980	3300	4912	0	0	13192
Tirunelveli	0	1600	2002	0	0	3602
Total	7219	4900	6914	0	0	19033

**STATE: KARNATAKA***All Quantities are in Kilo Litres*

LOCATION	IOC	HPC	BPC	IBP	CPCL	TOTAL
Devanagothi (Bangalore)	0	4200	6828	0	8429	19457
Mangalore	5244	1350	2707	0	0	9301
Navalur(Hubli)	750	556	2707	0	0	1306
Desur (Belgaum)	800	526	1705	0	0	3031
Nandur (gulbarga)	846	612	0	0	0	1458
Raichur	0	0	550	0	0	550
Mysore	1716	0	849	0	0	2565
Bijapur	1000	0	0	0	0	1000
Hasan	0	3300	0	0	0	3300
Total	10356	10544	12639	0	8429	41968

Supply:

Following are the quantities supplied to oil corporations from March 2003 to September 2004.

In Million Litres

Western Zone	180
Northern Zone	140
South Zone	50
Total	370

The above mentioned supply was in response to the Notification dated September 2002 issued by the government of India wherein the government had made **5% ethanol blending mandatory** in petrol, in 9 states and 3 Union Territories.

In the absence of a well knit policy in the past for purchasing and blending ethanol, not many distilleries have been producing ethanol. Only three distilleries attached to sugar mills had two years' experience, and were able to gear themselves up to supply ethanol immediately. Now, about 11 factories in Uttar Pradesh will be adding facilities to produce about 75 million liters of anhydrous alcohol; 7 units in Tamil Nadu (production capacity of 62.5 million liters of anhydrous alcohol); 8 in Karnataka (anhydrous alcohol production capacity of 66.5 million liters); and 4 units in Andhra Pradesh (capacity of over 40 million liters). The cooperative sector units in Maharashtra, Punjab and UP have also taken up similar steps. By the end of the year it is estimated that about 300 million liters capacity would have been created for the production of anhydrous alcohol.

Also, there has been a steady increase in the production of alcohol in India, with the estimated production rising from 887.2 million litres in 1992-93 to nearly 1,654 million litres in 1999-2000.

According to the task force, the projected alcohol production in the country will increase from 1869.7 million litres in 2002-03 to 2,300.4 million litres in 2006-07. Thus the surplus alcohol available in the country is expected to go up from 527.7 million litres in 2002-03 to 822.8 million litres in 2006-07. (Source: Article published in All India Distilleries Association)

This surplus quantity of alcohol can also be used to produce ethanol.

MAJOR USERS OF ETHANOL**Present Users:**

- ❖ Indian oil Corporation Limited
- ❖ Bharat Petroleum Corporation Limited
- ❖ Hindustan Petroleum Corporation Limited
- ❖ India Burma Petroleum
- ❖ Chennai Petroleum Corporation Limited



However in future quite a few corporates will also start using ethanol. Some of the major users who will use ethanol are:

- ❖ Reliance Industries Limited
- ❖ Ashok Organics Limited
- ❖ Ranbaxy Laboratories Ltd.
- ❖ Glaxo Laboratories Ltd

B. RECTIFIED SPIRIT & C. EXTRA NEUTRAL ALCOHOL

The ENA is manufactured from Rectified Spirit (Mother Alcohol) through distillation process. ENA being potable alcohol is produced by the process of manufacturing by re-moving all impurities of Rectified Spirit. The manufacturing process of ENA is as under:

Rectified Spirit is pumped through the pre heater and spent wash heat exchanger to the top of degasifying column. The wash then passes down the wash column where open steam from base is given, which strips off all the alcohol discharging spent wash from the bottom of wash column. The alcohol vapours reflux from the main condenser and Beer heaters is passed through the Jet mixer in which soft water is mixed and the mixed liquid is fed to the purifying column. The steam is introduced as the bottom of the purification column. The liquid and vapours pass from bottom of the purification column to the bottom of rectifier column. The vapours from the top of the rectifier column are condensed to the pre heater condenser and final condensers reflux back into the middle of the purification column.

A fraction of condensation is drawn for head spirit which contains aldehydes and other impurities. The fusel oil and light oil impurities is mixture of higher alcohol which is separated from 4th to 10th bottom plates of rectifier column and either from the top plates of purification column.

The final product (ENA) of strength 68OP (95 to 96%) of alcohol is drawn from top plates of rectifier column, cooled in cooler and taken to alcohol receivers and from there it is pumped to main ENA storage tanks.

Extra Neutral Alcohol is manufactured from Rectified Spirit. ENA is mainly used in liquor divisions with good market demand. All states introduce IMFL liquor divisions procuring ENA from the manufacturers and also cheap liquor.

The quality of specifications of ENA is I.S.6613-1972. The Andhra Pradesh is purchasing ENA from the outside the states to meet the liquor demand. During this year, All India wise the demand increased by 37%. (Source: Center for Monitoring Indian Economy (CMIE)).

Samples are sent it to the purchasers who are having license to manufacture liquor. As per the quality and specifications, the rate is fixed. The sale transactions are made as per the guidelines of Excise Department.

Capacity & Production Details:

State of Andhra Pradesh: [Source: Andhra Pradesh State Excise]

The total installed capacity of Rectified Spirit from molasses in the state of Andhra Pradesh is 149.6 million litres per annum. As the distilleries depend on sugar cane molasses, they work seasonally and their capacity utilisation for 2002- 2003 was 55% and in 2003-2004 it was 65%. Thus the production of RS in 2003 – 04 was about 80 million litres per annum.

The requirement of ENA is 115 million litres of which 25 million litres for industrial sector and 90 million litres for potable purposes in the state of Andhra Pradesh only.



There is a shortage of about 33.4 million liters of Rectified Spirit. To meet this demand, it is being imported from other States. [Source: All India distillers association Bulletin]

MAJOR USERS OF ETHANOL

The sale of ENA & RS is generally made directly to consumers like Mc. Dowell, Shaw Wallace, UB Group, Kedia Distillery, JP Distillery etc., Further Rectified Spirit is also purchased by the State Beverages Corporation for bottling & manufacturing of IMFL at economic cost by the government, generally called as cheap liquor.

2. BUSINESS OVERVIEW

Location of the Project

Existing Plant And Proposed Plant

Mouli Gram, Elkatur, H/O MSVM Puram Panchayath, Nindra Mandalam, Chittoor Dist., Andhra Pradesh, India.

Plant & Machinery, Technology, Process etc.

Plant & Machinery

EXPANSION OF EXISTING UNIT:

Rs. In Lacs

Sr. No	Plant & Machinery	Estimates	Name of the Supplier	Date of Quotations / Orders
1)	<u>Fermentation & Distillation suitable to multifeed system</u>			
A	30,000 LPD Fermentation Plant	155.25	Disti- Chem Metal Works	03.09.2005
B	30,000 LPD Distillation Plant	120.00	Disti- Chem Metal Works	03.09.2005
2)	<u>Effluent treatment project as per Central Pollution Board Regulations for Zero discharge</u>			
A	Bio fuel equipment	135.00	Reva Enviro Systems (P) Ltd.,	03.02.2005
B	TRID Chemical Secondary Treatment	156.75	Trid-Chem Legal Services (P) Ltd.	09.09.2005
C	Civil Erection & Commissioning	12.30	Erection India	06.09.2005
D	RS to ENA Plant	110.00	Disti-chem	03.09.2005, Ordered
E	Boiler	88.64	S.V.E Engineer	06.09.2005, Ordered
3)	<u>Co - generation</u>			
A	Turbo Set 11.3 TPH, 800KW, 380 C, 32 kg/cm.	45.00	S.V.E Engineer	06.09.2005, Ordered
4)	Duties & Taxes	40.56		
	Total		863.50	



SETTING-UP OF SWEET SORGUM PROJECT

The following equipment list for sweet sorghum project is quoted at Rs.887.00 lacs lumpsum by M/s. PRAJ Industries Ltd., with taxes extra, which are, estimated for about Rs. 44.35 lakhs (excluding taxes on civil works and fabrication items) vide their quotation dated 8th April'2005.

The fabrication work will be conducted at the factory premises.

- ❖ Thermopermeation process:
- ❖ Thermopermeator (Trough with compartments and rake carrier)
- ❖ Pumps for intercirculation of juice
- ❖ Biochemical dosing tank
- ❖ Biochemical dosing pump
- ❖ Secondary juice and recycle juice tank
- ❖ Secondary juice pump
- ❖ Preheater
- ❖ Mixed juice tank
- ❖ Mixed juice pumps
- ❖ Mixed juice preheater.
- ❖ Whirler tank
- ❖ Unscreened juice pump
- ❖ Screened juice tank
- ❖ Screened juice pumps
- ❖ DSM Screen
- ❖ Milling Section:
- ❖ Rake carrier
- ❖ Donnelley chute
- ❖ Milling tandem with 3 mills
- ❖ Bagasse conveyor
- ❖ Main juice collection tank
- ❖ Main juice pumps
- ❖ Main Juice screen.
- ❖ Screened juice pumps
- ❖ Secondary juice tank and pumps
- ❖ Unscreened juice Tanks & Pumps
- ❖ Juice heaters Rotary screens
- ❖ Juice Treatment and evaporation section:
- ❖ Juice Heater
- ❖ Milk Of Lime Plant
- ❖ Milk of lime storage tanks
- ❖ Pumps
- ❖ Lime slacker
- ❖ Rake Type classifier
- ❖ Clarifier
- ❖ Rotary Vacuum Filter
- ❖ Vacuum Pump
- ❖ Belt Conveyor for press mud transfer
- ❖ Evaporators for juice
- ❖ Condensate Tanks
- ❖ Condensate Transfer Pumps
- ❖ Condenser
- ❖ Syrup handling section:
- ❖ Syrup receiving tank
- ❖ Syrup Charging Pumps
- ❖ Syrup Coolers
- ❖ Cooling tower and pumps



Second Hand Machinery:

The company will not purchase any second hand machinery from the proceeds of the issue.

Technology

The company has adopted the latest Molecular Sieve Technology of U.S.A in place of age old conventional Azeotropic Process Technology. The molecular Sieve Technology enable the company to produce the end product with 99.8% pure quality, which has excellent and ready demand in the Pharmaceutical Drugs and Paint Industry. Further the Molecular Sieve Technology enables the company to work on 40% reduced manpower.

Advantages of ICM's molecular sieve based dehydration system:

- ❖ Three-bed design ensures more time for regeneration, makes the plant more rugged and ensures better operational flexibility.
- ❖ Fully automated plant means Smooth & stable operation and minimal labor requirement.
- ❖ Near theoretical recovery.
- ❖ Steam consumption is minimized by preheating and thermal integration to permit substantial heat recovery and reuse.
- ❖ An advanced control system is used to provide sustained, stable, automatic operation.
- ❖ Consistent excellent product quality maintained.
- ❖ No use of highly polluting compounds like Benzene / Cyclohexane.
- ❖ Payback period is very fast, compared to Azeotropic Distillation.

Process

Existing & Proposed Expansion

The company presently manufactures Ethanol through Rectified Spirit. Rectified Spirit contains 94.98% of strength of Alcohol and the balance portion as water. The company has adopted molecular sieve technology from USA to remove extra water molecule from Rectified Spirit. After removing the water from Rectified Spirit the product that comes out is called Ethanol. The strength of Ethanol is 99.8%.

Process Overview:

The Ethyl Alcohol Dehydration Plant is designed to take advantage of the properties of molecular sieve technology. The grade of molecular sieve chosen is such that it will selectively absorb water molecules but will reject ethanol molecules because they are too large. Molecular sieve will, under the correct circumstances, adsorb water from an ethanol / water azeotrope leaving the alcohol essentially stripped of water.

The facility is designed to operate in a stand-alone mode. The plant will produce a product of 99.8% (v/v) ethanol or better by processing a feed of alcohol / water azeotrope with 94 volume percent ethanol or better.

Process Description:

This facility will take a feed stock of a mixture of Ethyl Alcohol and water and will essentially remove all the water to produce Anhydrous Alcohol. The plant design is centered on three columns, each filled with the appropriate molecular sieve. One of the columns is in the absorption mode while the other two are in the regeneration mode. The sequencing is controlled by a PLC (Programmable Logic Controller), which automatically performs the necessary switching of the column from the absorption to regeneration to absorption mode, on a regular basis to perform the drying process efficiently.

The feed is preheated in Feed Economizer against the anhydrous product and vaporized in a vaporizer. Heat will be supplied to the vaporizer by means of dry saturated steam. The hydrous ethanol vapor from the vaporizer passes down the molecular sieve bed in one of the absorption Columns, where the water is absorbed into the pores of the molecular sieve and the ethanol passes through.



The dried product alcohol leaves the absorption column and is condensed back to the liquid phase and cooled to the ambient temperature in the product cooler.

Molecular sieve has the property that it will absorb water and will reject alcohol at a particular set of operating conditions, those chosen for the adsorption cycle and will reject most of the absorbed water at another set of operating conditions, those chosen for the regeneration cycle.

One of the column is always in the absorption mode while the other two are in regeneration mode. In the regeneration mode, the adsorbed water is removed by applying a vacuum to the column under regeneration.

The steam generated during the regeneration step, having all of the water from the saturated bed and ethanol, is taken to the Recovery Column. The ethanol is concentrated to the Azeotropic point in the Recovery column and recycled back to the system, while the water leaves the systems from the base of the column.

Control System:

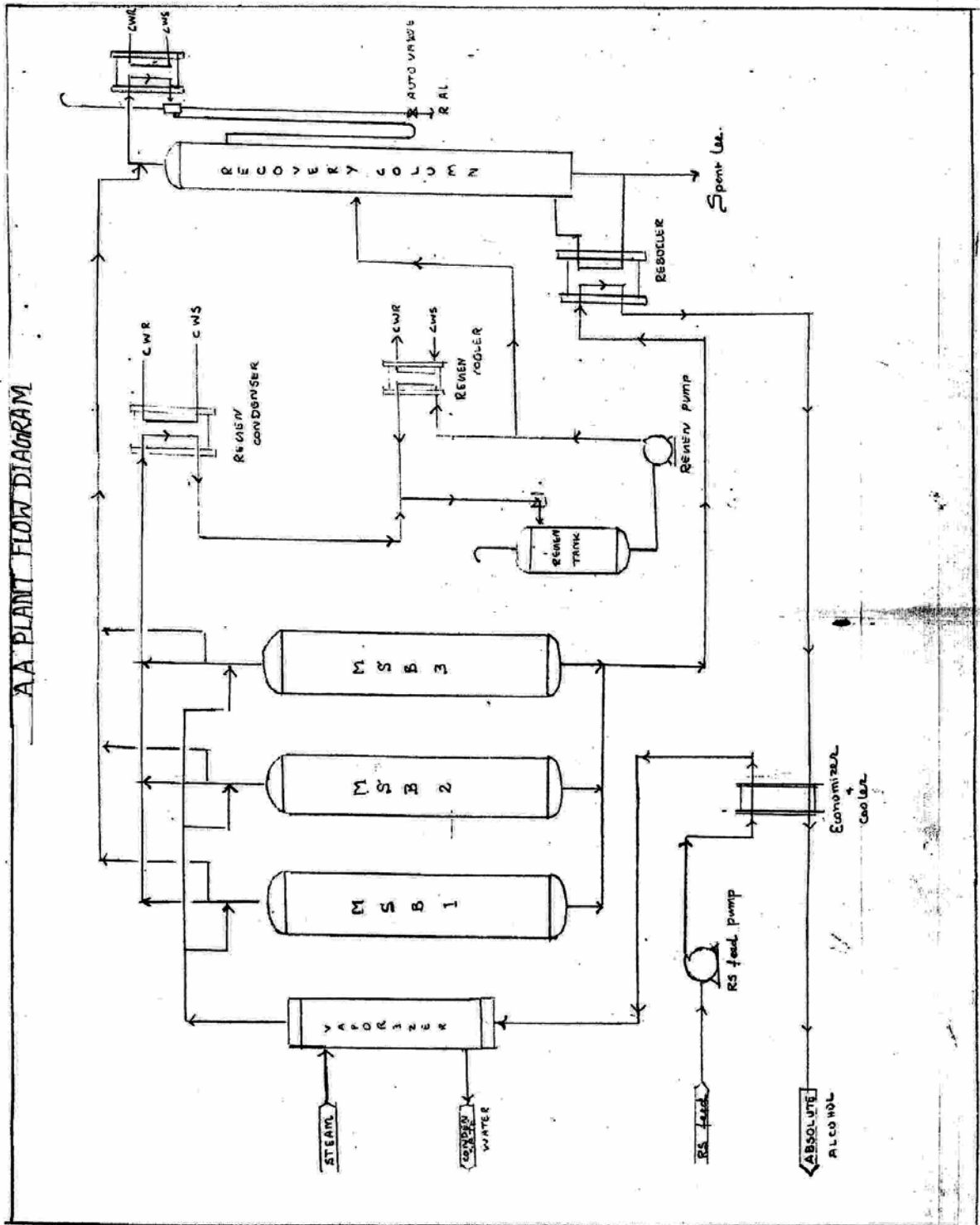
To provide continuous stable and efficient plant operation the company has provided all electronic instruments and a central PLC based SCADA Control System running on a PC, which act as the Man Machine Interface. All field sensors will be electronic and from reputed international brands. The control action will be provided through pneumatically controlled valves.

All critical parameters will be constantly monitored by the system and required control action will be automatically decided on basis of programmed algorithms.

The system will have the facility to store operational data for at least a month, provide real time and historic trending facilities and generate daily reports.



Flow Chart for the same is as follows:





SWEET SORGHUM:

The evolution of sorghum under the pressures of drought and high temperatures suggests increasing opportunity for this crop to supply a greater share of the world's grain needs. Sorghum then is a natural replacement for less efficient crops.

Grain sorghum "camel-crop," allows a farmer to use one-third less water than similar crops, such as corn, because sorghum has the unique ability to go into a more efficient, low-water-use mode as necessary. In addition, sorghum's unique characteristics render mycotoxins virtually nonexistent in the crop.

Sorghum has been called a water-sipping rather than a water-guzzling crop. University studies have compared water savings through alternative cropping patterns and the use of crops that require less water, such as grain sorghum.

Grain sorghum is the third most important cereal crop grown in the United States and the fifth most important cereal crop grown in the world. The United States is the world's largest producer of grain sorghum followed by India and Nigeria. It is a leading cereal grain produced in Africa and is an important food source in India. Leading exporters are the United States, Australia and Argentina.

The United States is currently positioned as the number one producer and exporter on the world market. World trade in sorghum is dominated by U.S. exports than Other importing countries and regions include Japan, Israel, Eritrea, South Africa and European Union.

Sorghum may be a food or feed crop regarding the grain whereas the Stover may be feed, an excellent crop residue, or even building material in Africa. A crop residue study in Kansas, USA, measuring soil water at planting time following a maize, sorghum, sunflower or soybean crop prior to fallow supported sorghum as superior over both conventional-till and no-till. In Brazil, the current rotation uses soybeans in the summer season and sorghum as a winter crop while the benefits of a cotton/sorghum rotation have long been known.

A developing major industrial use for the crop relates to ethanol production where sorghum returns nearly an identical volume of ethanol as maize. Currently 10-20% of U.S. sorghum production is utilized for ethanol which is increasing rapidly (over eight billion liter/year) in demand in part because of the elimination of MTBE (methyl tertiary butyl ether).

Ethanol is made from starch and the most common source of that starch is corn or sugar beet or cane molasses.

Because of its neutral taste, sorghum absorbs other flavors well. U.S. sorghum has been exported to Japanese millers to be processed into flour. Japanese processors have used the flour in research and recipe development, leading to commercialization of snack food products. It is anticipated that more white sorghum products will debut soon both in Japan and in North America.

In many parts of the world sorghum has traditionally been used in food products and items, porridge, unleavened bread, cookies, cakes, and malted beverages from this versatile grain.

Sorghum is also an important animal feed used in countries like the U.S., Mexico and Australia. Good-quality sorghums are available with a nutritional feeding value the equivalent to that of corn. Sorghum can be processed to further improve its feed value techniques such as grinding, crushing, steaming, steam flaking, popping and extruding been used to enhance the grain for feeding. The products are then fed to poultry and pigs, and are used in pet foods.

Apart from grain and fodder, several alternative products such as forage, silage, syrup, jaggery, alcohol, ethanol, sugar, wine, vinegar, pulp and paper, sweetener and natural pigments can be obtained.



The biomass production capacity of sweet sorghum is equal or superior to sugarcane in the tropics, and it has other plus points. Sweet sorghum has an advantage over sugarcane and sugar beet (the world's main sources for commercial sugar) since the latter have a comparatively lengthy growing period and high water requirement. Moreover, sugar extraction from molasses causes water and air pollution. The stilage from sweet sorghum has higher biological value than bagasse from sugarcane as animal fodder. Ethanol obtained from sorghum stalks has a significantly lower sulfur content, so is considered "cleaner" than ethanols from other sources. The grain from sweet sorghum is used to produce superior booze.

Research on sweet sorghum is ongoing at the National Research Centre for Sorghum in India and elsewhere. At ICRISAT a small program was initiated to develop three kinds of sweet sorghum varieties:

1. Ratoon and multicut high biomass-yielding varieties
2. Ratoon and multicut dual-purpose varieties
3. Ratoon and multicut hybrid parental varieties

ICRISAT identified 54 sweet stalk lines, including 12 hybrid seed parents, 20 varietal/restorer lines, 10 dual-purpose (grain and fodder) sorghum lines and 12 tillering lines (for forage). The performance for some important traits in each group are promising - stem sugar 13-20%, fresh fodder yield ($t\ ha^{-1}$) 17 to 46, grain yield ($t\ ha^{-1}$) 0.1-4.5, and ratooning ability 15-95%.

Research in India Finds Sorghum Well-Suited for \ Ethanol Production

Ethanol from sweet-stem sorghum appears to be a viable alternative to fossil fuels, especially for petroleum products as a cooking, lighting and automotive fuel. Sweet-stem sorghum is a multi-purpose crop, yielding food in the form of grain, fuel in the form of ethanol from its stem juice, and fodder from its leaves and bagasse.

Traditionally, ethanol has been produced mainly from sugarcane and molasses. Molasses, a byproduct of sugarcane processing is available, but sweet-stem sorghum can compete economically due to its high-value grain production. Also, it has several advantages over sugarcane, such as the ability to withstand dry conditions, require less fertilizer, rapid growth rate, ease of planting, and lower cost of total fermentable sugars.

The sweet-stem sorghum hybrid "Madhura" has been developed at NARI for ethanol, syrup and jaggery (unrefined sugar) production. Recently, the government of India started an initiative to make it mandatory to add 5% ethanol to gasoline, resulting in increased demand for Madhura seed.

"Madhura" planted in a one hectare area was found to yield the following products in one year (two seasons): two to four tons of pearly white grain; five to seven tons of dry leaves; 15-20 tons dry bagasse; and three to six tons jaggery or five to nine tons syrup (750 brix) or 3,000 to 4,000 liters of ethanol (95% v/v).

Initially, studies were carried out at NARI to screen yeast from various sources for their potential to convert sweet-stem sorghum juice to ethanol. Out of the 16 strains screened, NCIM 3319 was found to be best suited for fermentation. It gave an average fermentation efficiency of 90%, which was completed between 48 and 72 hours. The juice contains an average of 10-11% (w/w) total fermentable sugars and the alcohol yields are about 6% (v/v).

An improved, pressurized, multifuel (kerosene, ethanol or diesel) mantle lantern producing light output of 1,250-1,300 lumens (equivalent to that from a 100 W light bulb) called "Noorie" was developed at NARI. A pressurized alcohol stove with a heating capacity of three kilowatts for 85% (v/v) ethanol concentration with a thermal efficiency of 30-50% was also created.

A special type of sorghum, "*sweet sorghum*" with an ability to accumulate sugar in its stalks, can be used for production of fuel alcohol, jaggery, and syrup. It requires 2-3 irrigations unlike dry land sorghum. It yields 30-50 tonnes of stalk/ha besides a grain yield of 0.8 to 2.0t/ha. The sugar content varies from 16-23% brix comparable to that of sugarcane. The potential national variety, SSV 84 has an average stalk yield of 40.4 t/ha, grain (1.38t/ha), 18.4% brix value, sucrose (12-13%), reducing sugars (0.8 to 1.8%) and starch (0.6-1.8). A pilot study on techno-



economic feasibility of ethanol production from sweet sorghum stalks was successfully conducted. The recovery of ethanol was 9% from the juice and bagasse obtained could be used for cogeneration of electricity (2086 calories/tonne). It is able to produce 15% fermentables with 50-60% recovery and can yield up to 2000-2500 litres of ethanol/ha (3.1 t/ha of jaggery or 3.5 t/ha of syrup). A number of advanced sweet sorghum lines are available with NRCS

Consumers who know about grain sorghum cannot wait to sink their teeth into products made from the grain due to its antioxidant content and other health benefits, including its absence of wheat-type glutens thought to aggravate wheat gluten allergies. In addition, sorghum's use in ethanol production is increasing an alternative fuel source that improves prices paid to farmers, decreases the nation's dependence on foreign oil, and is good for the environment.

Grain sorghum is a drought-tolerant, versatile grain with many varieties, some of which can be used in the cereal, snack food, baking and brewing industries. Sorghum also has many industrial applications, including wallboard, ethanol and the ethanol co-product, distillers' grain. One bushel of grain sorghum produces as much ethanol as one bushel of corn, and the resulting co-product, distillers' grain, also has equivalent applications in feed markets.

Nutritionally, grain sorghum is comprised of 11.3 percent protein and 3.3 percent fat. Breads produced with grain sorghum bran can provide approximately five grams of dietary fiber per 56-gram slice. Food-type sorghum is high in insoluble fiber with relatively small amounts of soluble fiber. The protein and starch in grain sorghum are more slowly digested than other cereals, and slower rates of digestibility are particularly beneficial for diabetics

Sorghum is one of the main dry land crops of Andhra Pradesh, cultivated both in kharif and rabi seasons. It is mainly grown for food and fodder purposes, though of late its grain uses are being diversified in various industries such as animal/poultry feed, alcohol and starch. The area under sorghum in AP is 7.03 lakh ha which constitute 7.72% of all-India sorghum area (9% of all-India production) during 2003-04. The research efforts of institutes such as RARS, (Palem), ANGRAU and NRCS, Hyderabad are reoriented to make sorghum more competitive by incorporating resistance to biotic stress and through value addition.

In India, through the network centres of National Research Center for Sweet Sorghum 19 hybrids (CSH 1 to CSH 19R) and 16 varieties (CSV 1 to CSV-15) and CSV 216R) in AP (ANGRAU) two hybrids PSH 1, ASH 1 and 23 varieties (18 varieties from RARS, Nandyal, 2 hybrids and 2 varieties from RARS. Palem and one variety each from ARS (Podalakur, Madhira and Anantapur) were released so far

The non-availability of irrigation water for Rabi paddy crop makes the farmers to go for less water-demanding crops such sorghum. This is evident from the increase in sorghum area from 9000 ha in 2002-03 to 28,732 ha in 2003-04. The state Dept. of agriculture also encourages the cultivation of dry land crops such as sorghum in the form of seed subsidy.

The agronomic and economic features of sweet sorghum in view of cultivation and ethanol production are: -

- ❖ Sweet sorghum may be harvested in about 100 Days after planting (which allows growing even two crops in a year). The first cut of sugarcane is 11 months after planting.
- ❖ Sweet sorghum requires much less water and other purchased inputs than sugarcane.
- ❖ Sweet Sorghum production can be completely mechanized. There is no lodging problem in sweet sorghum; therefore there is much scope for using mechanical harvester in regions when the labour is in short supply.
- ❖ Women labour can also be employed to harvest sweet sorghum cane (for sugar cane harvest, men laborers are engaged).
- ❖ Sweet sorghum grain by-product is sweeter and superior to sugarcane.
- ❖ The fodder and grain by-product is sweeter and superior to sugarcane.
- ❖ The quality of the rectified spirit obtained from sweet sorghum is of superior in quality with good flavor/odour.



- ❖ The bagasse from sweet sorghum has a higher biological and caloric value than the bagasse from sugarcane. With the available newer technologies and energy efficiency bagasse can be saved and processed. The bagasse can be used for co-generation and as boiler fuel resulting in complete savings of energy cost. It can be simply sold away for paper mills and can be used for particleboards and panelings. It can be further processed and “xylitol” a less calorie sugar can be extracted used in chewing gum.
- ❖ The press mud obtained from the clarifier after treatment of syrup of Sweet Sorghum can be used for making bio fertilisers enabling zero discharge as stipulated by central Pollution Control Board.
- ❖ The two cycle crop of Sweet Sorghum enables the manufacture of ethanol round the year instead of being seasonal.
- ❖ The cost of feed stock comes down by about 35% by using Sweet Sorghum as feed stock enabling the cost of ethanol globally competitive and economical.
- ❖ The effluent discharged is less pollutant containing lesser COD and BOD levels than molasses.

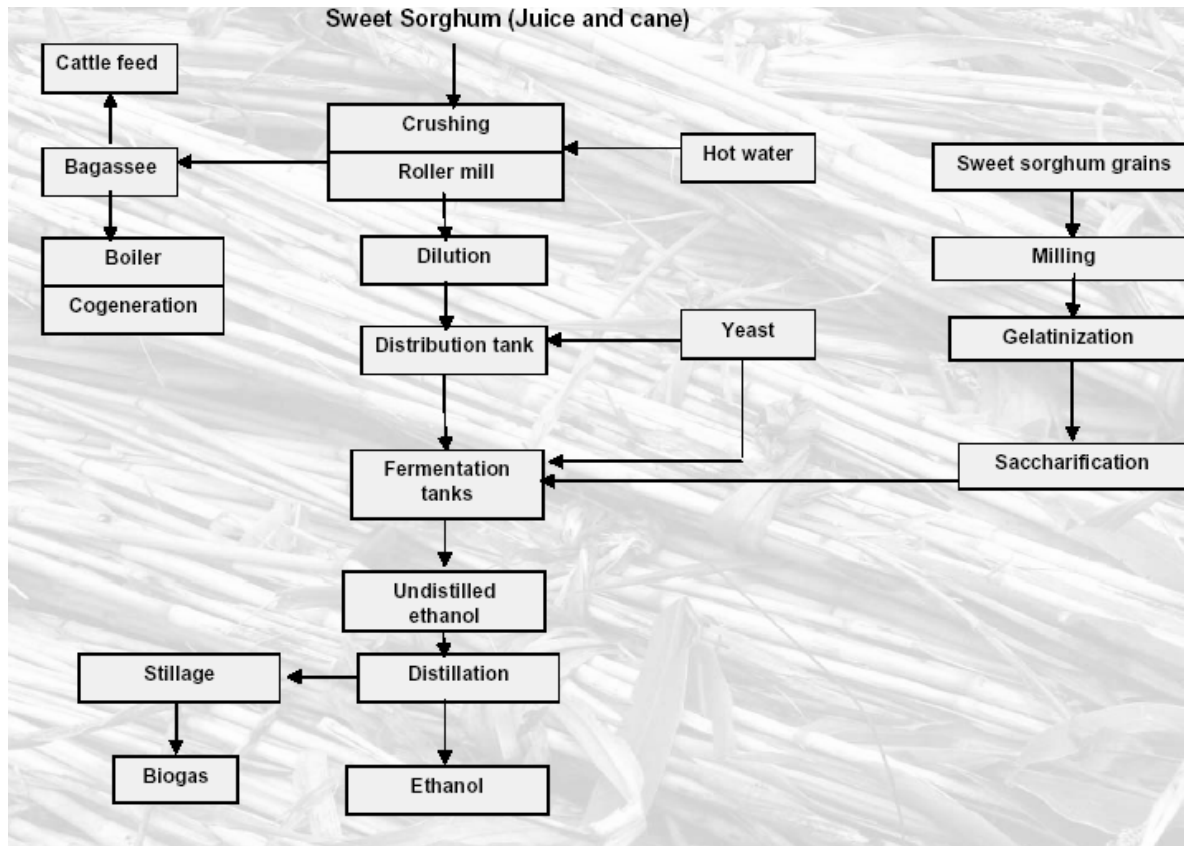
Fuel Properties of ethanol, methanol and petrol

	Ethanol	Methanol	Petrol
Chemical formula	C ₂ H ₅ OH	CH ₃ OH	C ₄ -C ₁₂ hydrocarbons
Molecular weight (g)	46.0	32.0	100-105
Composition, percent by wt			
Carbon	52.2	37.5	85-88
Density (kg/l)	0.794	0.796	0.72-0.78
Boiling point (°F)*	78°C	65°C	27°C-225°C
Flash point (°F)*	12.8°C	11.1°C	-42.8°C
Latent heat of vaporation (kJ/kg)	845 kg	1100 kg	353 kg
Heat of combustion (MJ / kg)	29.7	22.3	47.0
Stoichiometric ratio	9.0	6.5	14.7
Auto ignition temperature (°C)	423	464	257
Research octane number	107	109	93
Road blending octane value	126(avg.)	130	-

ETHANOL FROM SWEET SORGHUM VARIETIES

- Potential yield - 80 to 100 t/ha (US reports)
- Longer maturity yield surpasses 100 t/ha
- Ethanol yield
 - 2639 lit/ha (Brazil)
 - 7000 lit (China)
 - 3000 lit (South Africa)
 - 4790 lit (US)

National variety of India SSV 84 - 40 –50 t/ha bio mass ; 40% of Juice yield and 4500 lit/ha of ethanol (NRCS report)



Process for Proposed Sweet Sorghum Project:

The company currently manufactures Ethanol using R.S. as the raw material. However the company now proposes to manufacture R.S. through multi fermentation process using raw materials like molasses, sweet sorghum, juice as well as gray.

Manufacturing Process is as follows:

Yeast Propagation:

Yeast seed material is prepared in water cooled yeast vessels by inoculating molasses with yeast. The contents of the yeast vessel are then transferred to the Yeast activation vessel. The purpose of aerated yeast activation in the yeast activation vessel is to allow time for the yeast cell multiplication.

Fermentation:

The purpose of fermentation is to convert the fermentable sugars into alcohol. During fermentation, sugars are broken down into alcohol and carbon - di - oxide. Significant heat release takes place during fermentation. However the fermentation temperature is maintained by forced recirculation heat exchangers.

At the end of fermentation, the wash is fed through a yeast separator where the yeast cream is separated, acidified in the yeast treatment tank and returned to the yeast activation vessel for activation. Sludge is separated in a sludge decanter. The clear wash from both the yeast separator and sludge separator flows to the clarified wash tank. The wash is then pumped to distillation.



Primary Distillation:

Fermented Wash with about 7% v/v alcohol is preheated in two stages i.e. in the beer heater using the Rectifier vapours and then in the Fermented wash PHE using effluent. The preheated wash is then fed to the degassifying Column to remove residual CO₂ and volatiles.

The wash then flows down to Analyser Column which acts as a total stripper. The alcohol water vapour mixture which rises upward in this column is fed to the Rectifier Column. The spent wash which is devoid of alcohol flows down the Analyser Column for suitable treatment.

The lower boiling impurities are concentrated in the Aldehyde Column where about 5% spirit is drawn off as impure spirit with a minimum strength of 66° OP.

The alcohol vapours are concentrated in the Rectifier Column to produce Rectified Spirit of 95 % v/v strength. Higher boiling impurities which are formed during fermentation are removed by taking side draw purges to a decanter from the Rectifier Column. This avoids Fusel Oil build up in the column and subsequently in the product. A trace stream of spirit is drawn off as impure spirit (about 2 % of plant capacity) to remove the concentrated volatile compounds. The high grade Rectified Spirit is taken as a draw from the upper trays of the Rectifier Column.

Redistillation:

High proof ethanol (95% v/v) is blended with soft water (which has been preheated by feed Preheater) and the spent lees in the static mixer. This dilute ethanol blend (usually 1: 3-1:4 ratio for ethanol / water) is fed to the purification column. This column serves to remove the impurities based on the principle of volatility inversion of higher alcohols with respect to dilute ethanol solutions. The side draw stream is fed to the fusel oil column.

Dilute ethanol is removed from the bottom of the purification column and fed to the rectification column which concentrates the ethanol to 96% v/v. The high grade spirit is drawn from one of the upper trays of the rectification column and is fed to the simmering column for further removal of impurities. The lees of the exhaust column is recycled as dilution water and part of it is purged and is used to preheat the soft water. Lower side draw streams are taken from rectification column to avoid fusel oil build up in the column. These streams are then taken to the fusel oil column. This column concentrates the dilute streams of ethanol containing esters and fusel oils to approximately 94.68% v/v of ethanol.

Impure cuts from Purifier, Rectifier, and Fusel oil cone column are fed to the Heads cone column, where the impurities get concentrated and are removed from top. An impure spirit cut of about 5% of the rectified spirit feed is drawn from the top of the column.

Thermopermeation Technology Based Process For Extraction Of Juice From Sweet Sorghum

Sweet Sorghum Processing Section:

Sweet sorghum stalk will be unloaded on the feeder table with the help of electrically operated Cane unloader. The crane is provided with sling bar attachment.

From feeder table it will be discharged on to the carrier. Kicker fitted on the Carrier will equal bed height of the stalk. The Fibrizer (Specially designed for sweet sorghum) will prepare the stalk to the Preparation Index of 85.

The rake type carrier will discharge the prepared stalk on to the belt feeder. The belt feeder is fitted with weighing arrangement & will provide feed to the Thermopermeation process equipment. Automatic stalk feeding device shall be fitted on the carrier to control the feed.



Thermopermeation section:

Prepared sweet sorghum stalk will be fed to the trough with the help of belt feeder. The secondary juice from mills and re circulation juice from the trough enters the thermopermeation process in a counter current manner and recovers sugars from the prepared sweet sorghum stalk.

The process of sugar collection is facilitated by the dosing of special bio-chemicals and provisions of special conditions of temperature, pH and retention time. In the Thermopermeation process more than 98 % of the fermentable sugar will be extracted in the main juice. The main juice rich in fermentable sugar, thus produced by Thermopermeation process is sent further for treatment.

Low Pressure Milling For Recovering Juice:

The rake type carrier will carry wet fiber from trough to the mill. The mill is provided with suitable rollers for dewatering of Bagasse. The mill will be complete with suitable drive, feeding arrangement etc. There will be 2-3 mills.

The juice coming from primary mill is called primary juice and is sent to the thermopermeation tank. The dilute juice coming from the second and third mill is called secondary juice and is sent to the trough.

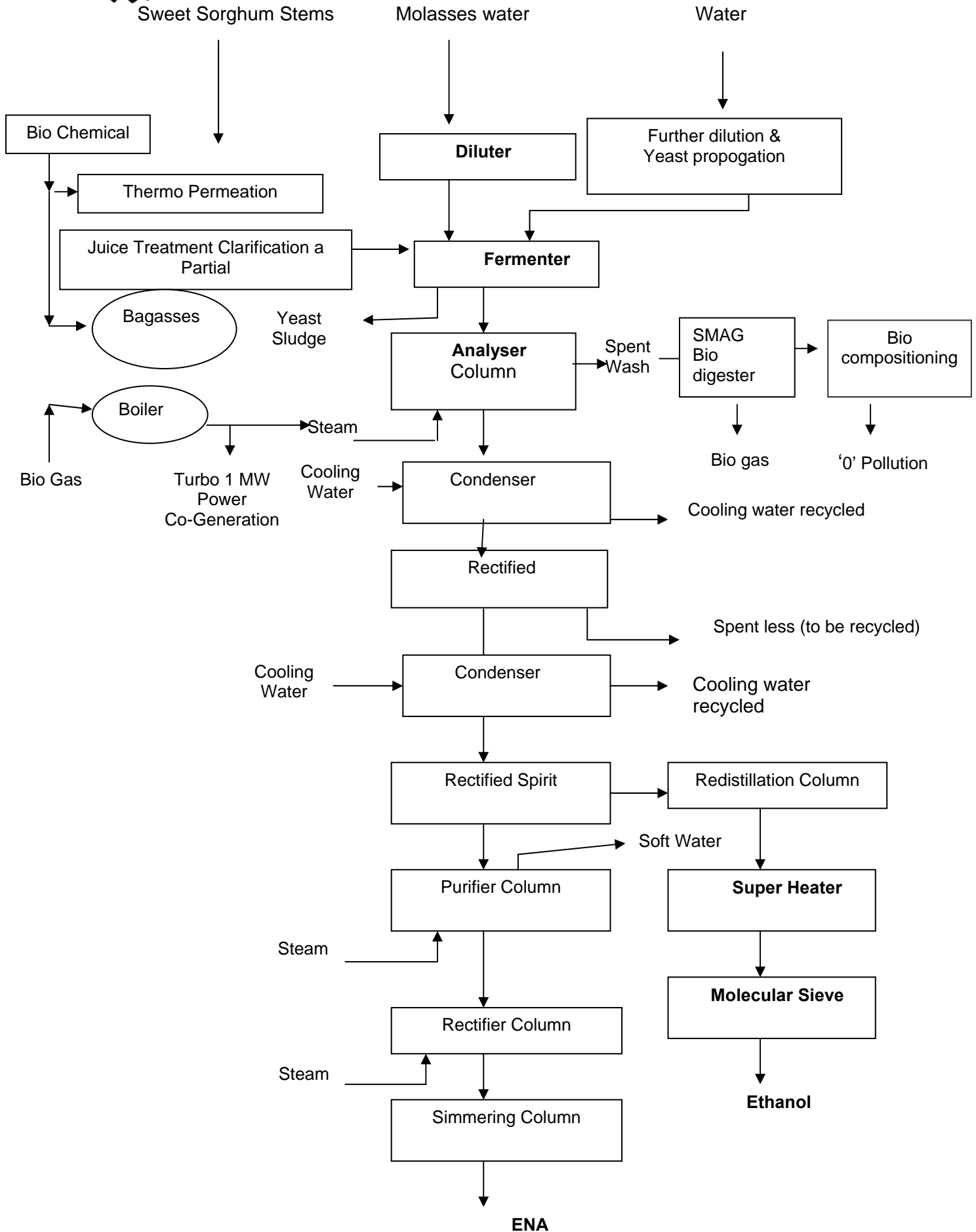
The cane bagasse coming out of mill shall not have moisture more than 50%. The bagasse is sent to the boiler.

Juice treatment plant & evaporation plant:

The juice coming out of Thermopermeation and mills will be screened & clarified. The muddy juice is sent to rotary vacuum filter & the filtrate juice is recycled. The press mud is conveyed to the trolleys. The treated juice shall be sent for evaporation.

The treated juice will be evaporated up to required concentration of solids. It is further cooled with the internal heat recovery and sent for fermentation

The overall steam consumption in this section is 3.0 kg/lit of total spirit (95.0 % v/v basis)
Flow Chart for the same is as follows (R.S. and E.N.A.):





Collaborations, Any Performance Guarantee Or Assistance In Marketing By The Collaborators

The company has not entered into a technical assistance agreement with PRAJ for implementing the sweet sorghum project. The company reserves the right to flexibility for switching over to any other technology apart from PRAJ technology which would be more cost effective.

Infrastructure Facilities

Raw Material

Existing:

The principal raw materials required to undertake to present production of Ethanol are Rectified Spirit, specially denatured spirit and impure spirits. These raw materials are easily available in India from existing distilleries located close to the manufacturing plant.

Proposed:

However the Raw material for the future production will be derived mainly from sweet sorghum crop being cultivated in abundance by farmers in and around with the incentives and buy back arrangements and hence no dearth for raw material is envisaged.

Why Sweet Sorghum as a Raw Material:

The proposed use of sweet sorghum feed stock as raw material enables the company to achieve a low cost of production thus making the unit globally competitive. Further the cultivation of sweet sorghum requires low consumption of water with sustainability even under drought conditions with two crop cycles in a year as against conventional use of molasses with only one crop cycle requiring high consumption of water.

A special type of sorghum (*Sorghum bicolor*) known as sweet sorghum accumulates sugars in stem just as sugarcane, even after moderate grain yields. It is also capable of producing high biomass, 70-80 % of which is the stalk. It can be grown to produce jaggery, syrup and most importantly the fuel alcohol.

Yield:

Most of the sweet sorghum varieties mature in about 100 days. Stalks can be harvested either along with the grain, or 4-5 weeks after the grain harvest. The green cane yield varies from 30-50 MT/ha, while the grain yield varies from 0.8 to 2.0 MT/ha. The sugar content varies from 10-23 % brix. The juice extracted from the stalk is used for production of Ethanol. Grain is used by farmers for home consumption, used as a poultry feed and also as feedstock for grain alcohol.

Special Advantages: The water requirement of Sweet Sorghum is just 40 % of the water requirement of sugar cane. Therefore two crops of Sweet Sorghum can be raised with single crop water requirement of sugarcane.

Utilities

Water:

There are 6 bore wells dug successfully within the factory site which shall provide adequate source of water.

Power, Electricity & Fuel:

The existing connected load is 74-horse power from Andhra Pradesh Electricity Board. This is sufficient to carry on the production for existing levels. Bagasse required for boiler is available abundantly as 6 sugar factories are situated in the district where the plant is located. The company does not intend to apply to Andhra Pradesh Electricity Board for sanction of additional load.



Ware House:

The rectified spirit (94.68%) and heads spirit or impure spirit (90% alcohol) are taken in the receivers from there it is pumped to the storage tanks in the ware house. The rectified spirit and Heads spirit from storage tanks are issued to various parties on the allotment order and transport permits from Commissioner of Prohibition and Excise.

Manpower

Existing:

Presently there are 21 employees on the rolls of the company.

Administrative	7
Skilled	12
Unskilled	2
Total	21

All the employees on the roll are paid a lump sum amount. The company intends to put in place a proper salary structure in line with the best corporate practices in the industry.

Proposed:

Manpower Requirement	Total Requirement
Skilled	15
Un – Skilled	10
On Contract	30

The company does not envisage any difficulty in recruiting the required man power for its proposed expansion

Products / Services of the Company

The company manufactures Ethanol, ENA and Rectified Spirit. The end user of the product is absolute / industrial alcohol sector and public sector oil companies.

Competition, Key Players and Market Share

In the absence of a well-knit policy in the past for purchasing and blending ethanol, not many distilleries were producing ethanol. Only three distilleries attached to sugar mills had war years' experience, and were able to gear themselves up to supply ethanol immediately. Now, about 11 factories in Uttar Pradesh will be adding facilities to produce about 75 million liters of anhydrous alcohol; 7 units in Tamil Nadu (production capacity of 62.5 million liters of anhydrous alcohol); 8 in Karnataka (anhydrous alcohol production capacity of 66.5 million liters); and 4 units in Andhra Pradesh (capacity of over 40 million liters). Similar steps have also been taken up by the cooperative sector units in Maharashtra, Punjab and UP. By the end of the year it is estimated that about 300 million liters capacity would have been created for the production of anhydrous alcohol.

However the company has an early move advantage since as per the latest CPCB (Central Pollution Control Board) norms, the industrial sector of Ethanol/ENA/RS has to maintain zero discharge pollution and the licensing policy in this behalf has been made very stringent by the regulatory authorities. Ammana Bio Pharma Limited is one of those companies in India, which are capable of adhering to CPCB norms fully, and necessary infrastructure is being installed in the company. Also use of sweet sorghum raw material enables the company to achieve zero discharge with production of its by product of bio-fertiliser "Press Mud". Further with low cost of production by using sweet sorghum, the company would be in a position to compete more effectively even with sugar cane/molasses adoptive distilleries.



As far as market share of the company is concerned the company has not yet started full-fledged commercial production and hence there are no significant details to be furnished against past production.

However as per company estimates that based on the demand and if entire installed capacity of the company is utilized its market share will be only 0.81% and the same can be sustained easily in future market growth scenario because of large number of oil depots are yet to be covered in future for blending of 5% Ethanol of Petrol.

Approach to Marketing & Proposed Marketing Set – Up

For Ethanol:

The company is a multi product company having direct marketing arrangements. The oil Companies invite tenders for the supply of Ethanol / Absolute Alcohol / Fuel ethanol for blending it with Petrol once to meet the annual requirements and the agreements are signed for the supply for the entire year based on the lowest quotations. The objective for the oil companies is to get the Ethanol for blending at the lowest delivery price at their depots. Their depots are spread throughout country in various centers of districts in each state. The number of depots for all the major oil companies, or blending stations run into hundreds in India. As the basic rate of fuel ethanol would almost be the same all over the country with local taxes being at actual, the oil Companies are looking at minimising the transportation cost. They have to pay to the oil tankers to and fro, as per general practice in trade, including charges for the waiting time for unloading.

The oil companies are looking at fuel ethanol suppliers in the closest range of their depots or blending stations to save transportation cost as they have to bear the same. The proximate location of fuel ethanol plant is crucial for the supplies, as it becomes almost monopoly being able to offer the cheapest delivery price to the oil companies at their depots. The oil companies would be benefited by savings in the transportation cost by sourcing their fuel ethanol requirements for blending from a nearest ethanol plant to supply to the oil depots.

The company is located at a distance of about 85 kms from Chennai city and about 15 kms from Tamil Nadu border in Andhra Pradesh, on State Highway 62 kms from Chennai to Tirupathi. The company is about 85 kms away from Karnataka border situated about 45 kms away from Pilgrim City Tirupathi in Andhra Pradesh. The location is strategic as all the three states are closer and the oil companies can allocate the neighboring depots in all the three states.

The location of the project has an added advantage of being closer to Chennai port (about 85 kms) apart from being closer to Chennai and Tirupathi Air Ports. Being closer to sea port, the company can explore the possibilities to export Ethanol as the company will be globally competitive with Sweet Sorghum as feed stock. The company also intends to explore the possibilities for export to meet the production targets even if lifting by oil companies for fuel Ethanol (which is 54% of capacity of company's production) is delayed. Presently there is trade enquiry for Ethanol export to Australia, for which the company is actively pursuing.

For R.S. & ENA:

The Company is endowed with the locational benefits in marketing the R.S. The unit is situated near to Karnataka & Tamilnadu States and is also close to some oil depots of oil companies and Industries. This provides an added advantage for marketing.

Alcohol cannot be sold in the market directly without Excise Authorities permission. The buyers in Chemical Industry collect samples of Rectified Spirit from the manufacturers and after testing in their labs place orders according to grade/quality. The orders are generally on "Cash and Carry" basis.

Transporters too play a major role in procurement, supply of alcohol for major industries and in turn in providing orders for manufacturing companies. At present, the demand of Rectified Spirit excludes supply. All along the Rectified Spirit is having demand from ENA, Chemical and Paint Industry segments and of late this demand has increased due to its utility in Ethanol manufacturing also.



Extra Neutral Alcohol (ENA) has a ready market from liquor companies with the feed stock being Sweet Sorghum. The company expects to command a premium price from them with more and more foreign liquor companies coming to India; there is a growing demand in the country. As per 10th Finance Commission report, potable alcohol is growing at the rate of 3% per annum. With the vapour based Molecular Sieve technology, the company is expecting a great demand for 99.8% pure ENA from Drug and Pharma sector for the use in the manufacture of tonics, syrups, and Insulin apart from demand as solvent for chemical and paint companies.

There is a shortage of about 33.4 million liters of ENA in the state of Andhra Pradesh. To meet this demand, it is being imported from other States. [Source: All India distillers association Bulletin] The company's installed capacity is about 90 Lacs liters being 25% of above 33.4 million liters and this production can be marketed without difficulty under the situation that the production in Andhra Pradesh enables the buyers in Andhra Pradesh in saving transportation cost and extra additional taxes that would be incurred in the event of procurement from other states. Hence the company is confident to achieve the sales/profitability targets.

The company will send samples to the purchasers who have a license to manufacture liquor as per the quality and specification rate is fixed. The purchasers will take the permit along with DD on the name of Manufacturers and Purchase the raw material of manufacturing of liquor.

Differentiators:

Innovation

The company intends to use Sweet Sorghum as raw material in the place of molasses, which is subject to market vagaries both in production and price. Sweet Sorghum raw material, which can be cultivated with low water consumption, would be a boon to the farming community promoting the agricultural sector. Further the quality of Rectified Spirit manufactured from Sweet Sorghum raw material is of superior quality than that of manufactured from molasses.

Team & Expertise

The company is manned by competent manpower at various levels in production, administration, finance duly supported by able leadership and will be upgrading the requisite skills from time to time.

Discipline

The company will implement a structured approach to the assignments with a matured process and methodology to delegate work thereby reducing costs.

Quality

The company with adoption of latest state of art Molecular Sieve Technology of U.S, the quality parameters are maximized.

Export Obligations

There are no export obligations for the company.

Business Strategy

The prospects of growth are dependent on following Business Strategy / factors and same are evaluated in the context of our company as under:

Presently in India, the only source for fermentation to produce Ethanol is sugar cane molasses with very small-installed capacities of grain alcohol from maize. The main drawbacks for expansion of distilleries in India are:

- (i) Total dependence on sugar factories for basic feed stock molasses and there by making the unit work seasonally.



- (ii) Total dependence on aeration systems and press mud from outside source for effluent treatment there by unable to comply with the stringent norms of Central Pollution Control Board, which has currently made zero effluent discharge mandatory.
- (iii) High fuel and power cost for bagassess or fuel oil or coal for energy.
- (iv) High and uncertain prices of the feed stock molasses thereby losing huge potential export opportunities, as the unit will not be able to keep up the prices at global parity.
- (v) Conventional methods like Azotropic process for producing Fuel Ethanol, which has traces of benzene and the purity levels, is also low.
- (vi) Sugar cane crop being highly water dependant and high fertiliser cost becoming risky in case of frequent monsoon failures.

The company has planned to over come all these six draw backs by strategically adopting latest vapor based molecular sieve technology from ICM Inc USA for Fuel Ethanol obtaining 99.8% purity reaching globally accepted technical standard specifications. The company has also planned to adopt latest multi feed prefermentation process basically by using sweet sorghum as feedstock. The advantage of the using sweet sorghum as feedstock is many. Some of which are as follows:

- (i) The bio-fuel unit becomes totally independent as it can directly buy from cultivators sweet sorghum or any other feed stock like sugar cane or Maize or Tapioca etc., No dependence on any source of supply of feed stock.
- (ii) Totally captive supply of fuel like bagasse thereby enabling the company to opt for co-generation or sell away excess bagasse.
- (iii) Captive supply of press mud from clarifier that can be used in the production of bio-fertilizers for meeting the stringent standards of Central Pollution Control Board regulations for zero discharge.
- (iv) The unit can operate round the year instead of being seasonal as sweet sorghum crop cycle is only 100 days against 10 months of sugar cane.
- (v) Sweet sorghum as feedstock is much cheaper than sugar cane molasses and the company can become globally competitive. The ENA or RS made out of sweet sorghum feed stock is of high quality for use in alcohol beverages by liquor manufacturers and commands good premium in the world markets.

With the strategic adoption of multi feed prefermentation process based on sweet sorghum crop, the company can be in a position to set a foot hold in premium ENA & RS market. Having regards to the global environmental standards there is a likelihood that demand for fuel ethanol will further go up with possible phasing out of MTBE as an oxidization agent in petrol and diesel. The company has strength to immediately go for expansion of its capacities to encash the opportunity being made available.

Future Prospects:

After implementing the proposed project the company will become an integrated bio-fuel complex based on sweet sorghum crop and being early bird entrants, the company can become an important player in the field of alcohol, supplying to premium liquor manufacturers, drug and pharma companies and oil companies. The company will be in a position to manufacture the under mentioned products after the proposed project is implemented:



❖ **Grain Alcohol**

The company can be the manufacturers of grain alcohol, which commands a very high premium from both domestic and foreign liquor manufacturers.

❖ **Bio - Diesel**

The company can aim for the production of bio diesel, which is now being used by Indian Railways, Automobiles in place of petroleum-based diesel. The usage of bio diesel has got tremendous advantages particularly in the Indian context with burgeoning import cost and with 70% of the populations based on agriculture.

Unlike petroleum, which is nonrenewable resource, biofuels are renewable and inexhaustible source of fuel. Biodiesel is typically used as a fuel additive in 20% blends(B20) with petroleum diesel in compression ignition (diesel) engines, although other blend levels can be used depending on the cost of the fuel and the desired benefits.

❖ **Winery**

Wine industry is classified and categorized in the food processing line which is growing into a major industrial sector and lot of thrust is being given by the central government for encouraging new investments in wine production to wean people away from hard liquor. 'The Food Processing Ministry' and "Department of Industrial Policy and Promotion" are working on steps to prop up wineries for permitting and issue licenses to units manufacturing potable alcohol, in view of the steep increase witnessed in import of wine during the recent years. The company can utilize the opportunity and go for the manufacture of premium quality of wine. Wine sales in India are growing at 30% and in 2004-05 6,35,000 cases are sold out of which 40% are imported. Australian, French and Italian, Swish MNC's many more global wine makers are coming to India. (Source: Management)

Capacity & Capacity Utilisation

The existing installed capacity of plant is 30KLPD (kilo liters per day) and proposed enhanced capacity would be 60 KLPD.

Since the company has not started full pledged commercial production, there are no significant details to be furnished against past production.

Competitive Strengths

Devisable product portfolio

The company can manufacture Ethanol with existing machinery whereas it proposes to manufacture ENA and Rectified Spirit after utilising the proceeds of the proposed IPO. Further these three products with sweet sorghum as raw material, would enable the company to have low cost production/high margins.

Global Scale

Because of low cost of production with sweet sorghum as feed stock, the company would become globally competitive.



State of art manufacturing capabilities

The company is setting up state of art manufacturing facilities wherein fuel ethanol will be produced under vapour based molecular sieve technology of US yielding at purity level of 99.8%.

Market Flexibility

In view of a high grade quality of alcohol production, the company will be able to cater to the market not only for portable / alcohol beverages but also for pharmaceutical grade of alcohol which have ample usage in oral syrups, tonics etc.,

Insurance

The company's Fixed Assets (excepting land) viz. Plant & Machinery are adequately insured with United India Insurance Co., vide policy number 051201/11/05/00020 dated 15th April 2005. The policy is due for expiry on 14th April 2006 midnight. The insurance policy also covers the current assets like stocks, raw material, semi finished and will be monitored periodically depending upon the inventory position.

PROPERTY

Purchase of Property

Details of factory land purchased

Land admeasuring 20 acres in S.No.32/ID, 20 acres in S.No.32/1C and 30 acres in S.No.32/1E in aggregate of 70 acres situated at Elakatur village, Hamlet of MSVM Puram Panchayat, Nindra Mandal, Nagari Sub District, Chittoor District and bounded on the:

North	:	Land of Chenchu Reddy
East	:	Ninda Village Lands
South	:	Road leading to R. Ramachandra
West	:	Road leading to Palamangalam to MSVM Puram

The above area of land is sufficient for the proposed expansions.

Lease Details

- ❖ The company in past had taken a property located at 1-2-412/18A, Gaganmahal Colony, Domalguda, Hyderabad – 29 on lease from Mrs. C. Bharathi Devi, wife of Mr. C.B. Mouli. The company was in occupation of the property from 1st April 2002 and paid a rent of Rs. 12,000/- per month till 31st March 2004. However the rent was increased to Rs. 20,000/- per month from 1st April 2005. The company vacated the premises in May 10, 2005.
- ❖ The company does not pay any rent for the administrative office situated at 1-7-297/18, 125,M.G.Road Above Godrej Show Room, Secunderabad-500 003, Andhra Pradesh. The rent is paid by the promoter Mr. C.B. Mouli directly in his personal capacity.



Our Financial Indebtedness:

Name of the Lender	Loan Documentations	Amount Outstanding	Interest Rate	Repayment Schedule	Security Created
State Bank of India	Term Loan	Rs. 1002.56 lacs	12.75% p.a.	Repayable in 17 Qtly Instalments of Rs.41.46 lakhs and further 4 instalments of Rs.72.41 lakhs (in aggregate of 21 Qtly Instalments)	Secured by charge on the fixed assets of the company plus collateral securities of immovable Properties belonging to Chairman and a Director
State Bank of India	Working Capital (Cash Credit)	Rs. 19.86 lacs	12.25% p.a.	--	Apart from above, secured further by charge on stocks & receivables

KEY INDUSTRY-REGULATIONS:

The industry is covered with key regulations from Pollution Control Boards of both State & Central. The company has successfully over come all the barriers and obtained respective licenses. The industry is also further covered by the policies/license of State Excise Department. The company holds the relevant licenses in this behalf.

REGULATIONS AND POLICIES IN INDIA (EXCISE REGULATIONS, ENVIRONMENTAL AND OTHER REGULATIONS

The following regulations and legislations are the significant laws which broadly govern this industry in India:

Excise Regulations:

The Central Excise Act,1944 seeks to impose an excise duty on specified excisable goods which are produced or manufactured in India. However the Government has the power to exempt certain specified goods from excise duty, by notification. The rate at which the said duty is sought to be imposed is contained in the Central Excise Tariff Act and presently attract an excise duty at the rate of 16% of the value of the goods calculated in accordance with the said Act. An additional 2% education cess has been levied and therefore, the aggregate excise duty is 16.32% ad valorem.

Customs Regulations:

All imports to the country or exports from the country are subject to duties under the Customs Act,1962 at the rates specified under the Customs Tariff Act,1975. However, the Government has the power to exempt certain specified goods from excise duty, by notification an import duty of 15% is levied on the value of the Special Denatured Spirit calculated in accordance with the Customs Tariff Act,1975. An additional 2% education cess has been levied on the customs duty plus additional countervailing duty.



Andhra Pradesh State Government Taxes

Further to above, the product attracts VAT @ 12.5% at present.

Environmental and Other Regulations

We have to comply with the provisions of the Environment Protection Act, 1986, Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 the Hazardous Waste (Management and Handling) Rules, 1989 and the Hazardous Chemical Rules, 1989. The company is also required to comply with Pollution Control Board Norms of State & Center for achieving zero discharge through primary & secondary treatments for effluent treatment.

There are other legislations such as the Factories Act, 1948 and various other labour legislations that are also applicable to manufacturing companies such as our Company as elaborated in the DRHP under the heading 'Government Approvals / Licensing arrangements.

HISTORY AND CORPORATE STRUCTURE OF THE COMPANY:

History and Major Events

The company was originally incorporated on 31-10-1994 as Private Limited Company under the Name "Mouli Creations (P) Ltd (Regn.No.18659) to carry on media business. However for the next few years the company was totally in operative and dormant.

In the year 1999, the company decided to actively pursue media activities and changed the name to Ammana Multimedia Private Limited on 21.07.1999. In the year 2000 the company took bought multi media software to begin multimedia activities.

Subsequently the company did not find carrying on multi media activities conducive, hence it decided to suspend the activity. Since then, the company has neither developed nor pursued any media activities.

In January 2002, the company after market analysis and project study decided to diversify into Bio-Pharma activities and the name of the company was changed subsequently from Ammana Multimedia (P) Ltd., to Ammana Bio-Pharma (P) Ltd. on 24-05-2002.

The company made application to State Bank of India, IFB Branch, Hyderabad and obtained sanction for a term loan of Rs.995 lakhs on 29.11.2002 vide ref. IFB/AMT-10/2002-03/362 in response to company's application dated 21.01.2002 for the purpose of setting up of manufacturing unit to manufacture Ethanol and its by-products at Elkatoor village, Nindra Mandal, Chittoor Dist., Andhra Pradesh. By August 2004 the company was ready for commercial production after total installation of Ethanol plant and connectivity work for Rectified Spirit – ENA. The company obtained the final clearance from Central Pollution Board in January 2005. The company has participated in 3 tenders for SR5, SR6 and SR7. While SR5 & SR6 tender were cancelled by the Government. The company has successfully qualified technically for SR7 tender on 22nd August 2005 and is waiting for the Orders from the Oil Companies.

The Registered office of the company was changed from 1-2-412/18/A, Gaganmahal Colony, Domalguda, Hyderabad to Saraswathi Nivas, 3-6-100/1, Vijaya Bank Building, West Marredpally, Secunderabad-500 026 w.e.f 10-02-2000 and again changed to 1-2-412/18/B, Gaganmahal Colony, Domalguda, Hyderabad–29 w.e.f 19-09-2003. The registered office of the company was subsequently changed to Mouli Gram, Elkatur, M.S.V.M Puram, Nindra Mandal, Chittoor Dist., Andhra Pradesh, India w.e.f. 10th May 2005.

The Corporate office of the company was situated at Saboo Towers, Hyderabad from 01.04.1996 to 31.03.2000 and subsequently it was situated at Domalguda, Hyderabad from 01.04.2002 to 31.03.2005. From 10.5.2005 the Corporate Office was shifted to Mouli Gram, Elkatur, M.S.V.M Puram, Nindra Mandal, Chittoor Dist. Andhra Pradesh, India.

Major events in the History of the Company:

	Year	Event
1.	31.10.1994	We were established as Multimedia Company
2.	12.12.2001	Application for License to Andhra Pradesh Govt
3.	05.02.2002	Application to Commissioner of Industries
4.	21-01-2002	SBI Application Letter
5.	19.02.2002	I E M



6.	05-09-2002	Site Inspection by Pollution Control Board
7.	29-11-2002	SBI sanction letter
8.	09-05-2003	SBI release
9.	20-06-2003	Grama Panchayath License
10.	19-09-2003	State Government PCB Application
11.	09.11.2003	State Government PCB hearing
12.	14-05-2003	APGST/CST
13.	13-01-2004	State Pollution Control clearance
14.	25-08-2004	Excise DR2 License
15.	28-08-2004	Central Pollution Control Board hearing
16.	16-10-2004	Factory License
17.	28-01-2005	Central Pollution Control Board clearance
18.	22-03-2005	VAT Registration

Main Objects of the Company:

The main objects of the Company as given in the Memorandum of Association of the Company are reproduced below:

1. To produce, manufacture, purchase, refine, ferment, prepare, distill, brew, import, export, trade, sell and generally deal in alcohol-based chemicals, rectified spirits, denatured spirits, silent spirits used for industrial purpose.
2. To purchase, take on lease or otherwise acquire land, buildings, vineyards, gardens and other places for growing, keeping, brewing, preparing and storing of land products, plants or other things as may be requisite for carrying on the said business.
3. To treat effluent and other industrial and agricultural waste; to produce, manufacture, process, buy, sell and to deal in by-products arising there from.
4. To carry on the business of manufacture and deal in sugars and by-products of sugars in all its branches.
5. To develop and maintain infrastructure facilities for renovation, accumulation, supply and distribution of electricity and to run and/or let these facilities to such concerns, bodies and agencies and on such terms and conditions as may from time to time be determined by the Board of Directors of the Company.
6. To extract by-product and derivatives, whether enables. Pharmaceutical, medical or of any kind or nature whatsoever and food preparations of every kind and description.
7. To carry on the business as horticulturist and grow, improve, produce and deal in all types of Flowers, plants, pots, flower seeds and fertilisers.
8. To carry on the business of Feature Films, T.V. Films, Distribution of feature films and act as consultants, advisers and technicians for production of feature films and other related services, running and maintenance of cinema halls.

Subsidiaries

The company has no subsidiaries

Shareholders' Agreements

There are no shareholders agreements between the company and any other person.

Other Agreements

Except the agreements as appearing elsewhere in this DRHP and the contracts / Agreements entered in the ordinary course of the business carried on or intended to be carried on by the company, the company has not entered into any other agreement / contract.

Financial / Strategic Partners

There are no financial or strategic partners.



MANAGEMENT OF THE COMPANY:

BOARD OF DIRECTORS

The company's Articles of Association requires that there should be a minimum of 3 (three) directors and a maximum of 12 (twelve) directors at any given time.

The Board of Directors of the company comprises of 8 members, out of 4 are independent. The details of the directors are as under:

Name, Age, Address, Designation and Occupation	Date of Appointment	Qualification	Other Directorships	Compensation (In Lacs) (2004 – 2005)
Mr. C. Balamouli Age: 58 years Address: 1-2-412/18A, Gaganmahal colony, Domalguda, Hyderabad: 500029 Designation: Executive Chairman Occupation: Professional	26.03.2003	Chartered Accountant and a Graduate in Law	TAJ GVK Group Ammana Equity Fund (P) Ltd GVK Jaipur Kishan Ganj Express Highway Limited Satyam Infoway Limited	Nil
Mr. T. S. Raghavan Age: 65 years Address: 8/2, Jeevaratnam Nagar, Adayar, Chennai-600020. Designation: Independent Director Occupation: Faculty in Management Subject	28.05.2005	M.A. (Eco.)	Vishnu Fabrics Limited Kumbakonam Mutual Benefit Fund R.C. All Tech Power Systems Limited	Nil
Mr. B.G.K. Murthy Age: 53 years Address: 3-288/G1, Sai siri Homes, Hastinapuri colony road no 2, Sainikpuri, Secunderabad-500094. Designation: Executive Director Occupation: Service	20.02.2000	Graduate in BSc., (Organic Chemistry)	Ammana Equity Fund (P) Ltd.	Rs. 1.20 from April 2004 to April 2005, and Rs. 0.70 from May 2005 to August 2005
Dr. C. Deepa Mouli Age: 28 years Address: 1-2-412/18A, Gaganmahal colony, Domalguda, Hyderabad-500029 Designation: Director Occupation: Medical Consultant	28.05.2005	M.B.B.S,	Ammana Equity Fund (P) Ltd	Rs. 0.30 from May 2005 to August 2005



Mr. K. Sreedhar Reddy Age: 42 years Address: 2-2-2/1, Macha Bolarum, Secunderabad: 500010 Designation: Director Occupation: Advocate	15.02.2002	Graduate in Law	Nil	Nil
Mr. Prem Goyal Age: 52 years Address: 202, Money Centre, Koramangala Industrial Area, Banglore – 560095 Designation: Director Occupation: Business	06.06.2002	B.Sc., M.B.A	ATC Agro Industries Limited Associated Beverages (P) Ltd., Computer Factory India Limited	Nil
Mr. M. Zaheer-Ul-Ehasan Age: 65 years Address: 16-1-24-A/10, Green colony, saidabad, Hyderabad-500059 Designation: Director Occupation: Consultant	06.06.2002	B.Sc., (Ag) and Post Graduate course in Industrial Alcohol, Fermentation in Industrial Alcohol Technology from Kanpur	Nil	Nil
Mr. K.M. Padmanabhan Age: 48 years Address: F3, 'Kanakadhra's Lakshmi Castle' No.37/14, Chari Street, T.Nagar, Chennai – 600017 Designation: Independent Director Occupation: Professional	28.05.2005	Chartered Accountant	Prerana Educational Media Pvt Ltd	Nil

Brief Profile:

Mr.C.Balamouli, 58 Chairman, is a Chartered Accountant and a Graduate in Law. For the last 25 years he has been handling Company Law matters, Statutory Audit and Project Financing for Public Companies etc. He is also a financial consultant and advisor to the leading groups in the state of Andhra Pradesh. He was an Ex-Director of Indian Overseas Bank, Canara Bank and Chairman of Can Bank Financial Services Ltd. Presently he is Director of GVK Industries Group viz, Taj GVK Hotels & Resorts Limited, GVK Jaipur Kishan Ganj Express Highway Limited and Satyam Infoway Limited.

Mr. T. S. Raghavan, 65 years, Director. He was an ex-chairman of Indian Bank and Bank of Maharashtra with exposure in banking industry for nearly 4 decades. He was also appointed by Govt of India as Executive Director of Vijaya Bank. He is a regular speaker in Management subjects in Universities and Colleges Deployment of credit in SSI Trade credit agriculture, prime activity, rehabilitation and reconstruction of sick industries were the major areas.



Mr. B.G.K.Murthy, 53, Executive Director is a Graduate in BSc., (Organic Chemistry) and has 26 years of experience in Pharma and Chemical Industries in India & Abroad. He started his career in 1973 with M/s Spencer & company, Madras. Subsequently he joined M/s. Anglo French (Eastern) Limited as a Regional Manager (India) in year 1977 and continued till 1990. After that he joined M/s. Nagarjuna Drugs in year 1991 as a regional and sales manager. He continued working there till year 1996. From 1996 to 1999 he was working with M/s. Combact Drugs as marketing manager.

Dr. C. Deepa Mouli, 28 years, MBBS, is a doctor by profession. Her experience as a doctor would help the company to promote its business interest in matters related to pharma sector.

Mr. K.Sreedhar Reddy, aged 42, Director, is a Graduate in Law. He belongs to an agricultural family and hails from Shameerpet, Rangareddy district. He has been practising as an Advocate in all Civil Courts of Hyderabad and Secunderabad and adjoining Ranga Reddy District Courts and High Court of Andhra Pradesh. He is also involved in the Reddy Sangam activities which is existing since last 50 years which has been formed into a charitable trust to help the needy of the Reddy community people. He is a Treasurer of this Trust. He has an expertise in civil and criminal law and is practicing as a solicitor

Mr. Prem Goyal, 52, Director, is a B.Sc., M.B.A with wide experience in industrial and transportation business including South Eastern Roadways (family business) and Air Transport Corporation (ATC) being the largest Transport Company in North Eastern part of the Country. He is the Managing Director of ATC Exports manufacturer of Good Night Coils and various Food Products with the license from Hindustan Lever Ltd., He is Managing Director and owner of Associated Beverages (P) Ltd., recently acquired by Coca-Cola. He has got wide exposure in the export of Pharmaceuticals and Food Products. He is a Non-executive director having 3,20,000 equity shares @ Rs.10/- in Ammana Bio-Pharma Ltd., in the name of his Associate concerns.

Mr. M. Zaheer-Ul-Ehasan, 65, Director, is a B.Sc., (Ag) and Post Graduate course in Industrial Alcohol, Fermentation in Industrial Alcohol Technology from Kanpur. He has worked as Managing Director of various co-operative sugar factories at Anakapally, Gurajala and is Commissioner of Government Distilleries at Chagallu and Kamareddy. He has been the former president of Nizam Sugar factory Mosque Committee Shakarnagar Nizamabad District .He has a total 30 years of experience in the Distillery field. He has erected and commissioned Govt Distillery Chagallu, West District A.P and Government Distillery Kamareddy Nizamabad district as well as sugar Factory by the name of Nagarjuna Cooperative sugars Limited in Guntur District. On sponsorship of Government of Andhra Pradesh, he has visited South America, Brazil, USA, UK for advanced technology in sugar alcohol manufacture and to use alcohol as power alcohol.

Mr. K.M. Padmanabhan, 48 years, Director, is a senior partner in the Chartered Accountant firm M/s.Srinivas & Padmanabhan which was established in 1988. The firm is in the panel of RBI for conducting Statutory Audit for various Banks. They have also been in the panel of Indian Overseas Bank, Vijaya Bank & Indian Bank. He is a certified Yoga instructor from Swami Vivekananda Yoga foundation (Bangalore). He is a Managing Committee member of Madras Management Association and Sub committee member of Economic affairs and taxation Committee of CII Southern Region. He is also a guest faculty in MMA Anna University Institute of Chartered Accountants of India and number of other Management Institutes in Chennai.

Details of borrowing powers

Vide a resolution passed at the Extraordinary General Meeting of the Company held on 30 May 2005 the members of the company have passed the following resolution authorizing the company to borrow funds upto Rs. 50 crores from financial institutions and banks.

RESOLVED THAT pursuant to the provisions of section 293 (1) (d) of the companies Act, 1956 and other applicable provisions, if any, of the said Act, and in accordance with the Memorandum and Articles of Association of the company, and also subject to such terms and conditions as may be determined by the Board of Directors of the Company or any committee thereof and also further subject to such approvals, consent, permissions or sanctions of appropriate authorities may be necessary, the consent of the Company be and is hereby accorded to borrow funds up to Rs. 50,00,00,000 from the financial institutions or banks on such terms and conditions as may be determined by the Board of Directors or committee thereof.



Compensation Of Managing Directors/ Whole-Time Directors

Abstract of the terms of the contract to be entered into by the Company with an Executive Director of the Company in pursuance of section 302(7) of the Companies Act,1956.

MR. B.G.K. Murthy who was appointed the Executive Director of the company in the year 2000 was paid Rs. 1.20 lacs per annum. However post company getting converted into a limited company the terms of payment were revised

Subject to the provisions of Sections 198, 269 and 304 and other applicable provisions, if any, of the Companies Act, 1956 and conditions specified in Part I of Schedule XIII to the said Act, the terms of remuneration of Mr. B.G.K Murthy are varied and Mr. BGK Murthy will be paid a remuneration of Rs. 2,40,000 /- per annum till the date of commencement of commercial production , and will be paid an amount of Rs 5,00,000 p.a after the commencement of commercial production.

Period of Appointment: 5 years, from 28th May 2005 To 28th May 2010

Terms of contract: Salary Rs.20,000/- per month

COMPLIANCE WITH CORPORATE GOVERNANCE REQUIREMENTS:

The Guidelines issued by SEBI in respect of the Corporate Governance will be applicable to the Company immediately upon our applying for the in-principle approval for listing of the Equity Shares on the Stock Exchange. On our part, we stand committed to good corporate governance practices like transparency, disclosure and independent supervision to increase the value of our stakeholders. Accordingly, we have already undertaken steps to comply with the SEBI guidelines on Corporate Governance. The corporate Governance frame work is based on an effective independent Board, separation of the Board's supervisory role from the Executive management and the constitution of the Board Committees, majority of them comprising of independent directors. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholding, audit etc, details of which are as follows:

Committees of the Board

Our Company has the following committee formed from out of the members of the Board. The committee's were constituted on 06.06.2005.

Audit Committee

The terms of the Audit

The terms of the Audit Committee comply with the requirements of Clause 49 of the listing agreement to be entered into with the Stock Exchange. The Audit Committee consists of only non-executive directors, with the majority being independent directors.

The members of the Audit Committee are:

Name of the Member	Designation
Mr.Padmanabhan	Chairman
Mr. B.G.K.Murthy	Member
Mr.Zaheer Ul-Ehesan	Member

The scope and functions of the Audit Committee are as per Section 292A of the Companies Act. Its main function is to provide the Board of Directors of the Company with additional assurance as to reliability of financial information and statutory financial statements and as to the adequacy of internal accounting and control systems. It acts as a link between the management, the statutory and Management auditors and the Board Directors. The scope of Audit Committee shall include, but shall not be restricted, to the following.



1. It shall have authority to investigate into any matter in relation to the items specified in section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary;
2. To investigate any activity within its terms of reference;
3. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
4. Reviewing with the management the annual financial statements.
5. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
6. Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
7. Reviewing the Company's financial and risk management policies.
8. It shall have discussion with the Auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.

The constitution of the Audit Committee is in compliance with the corporate governance requirements under clause 49 of the Listing Agreement.

Shareholders / Investor Grievance and Share Transfer Committee

The Investors Grievance & Share Transfer Committee is formed to look into all the matters relating to shares and shareholders grievances i.e. approval of transfer / transmission / demat/ remat/ of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non receipt of Annual Report, non receipt of declared dividends etc.

The Committee comprises of the following persons:

Name of Member	Designation
Mr. Prem Goyal	Chairman
Mr. K.Sreedhar Reddy	Member
Mr.C.Balamouli	Member

Remuneration Committee

The Remuneration Committee has been formed to decide and approve the terms and conditions for appointment of whole-time directors of our company and remuneration payable to other directors and executives of our company and other matters related thereto.

The Committee comprises of the following persons:

Name of Member	Designation
Mr.Padmanabhan	Chairman
Mr.Prem Goyal	Member
Smt.Deepa mouli	Member

SHAREHOLDING OF THE DIRECTORS:

Name Of the Directors	Number of Equity Shares (pres issue)
Mr. B.G.K. Murthy	1,00,000
Mr. K Sridhar Reddy	80,000



INTERESTS OF DIRECTORS

Except as stated in "Related Party Transactions" on page [•] of this Red Herring Prospectus, and to the extent of shareholding in the Company, the directors do not have any other interest in the business. The directors are interested to the extent of shares allotted to them. Except to the extent of their compensation as mentioned on page [•] of this Red Herring Prospectus, and their shareholding or shareholding of companies they represent, the Directors, other than the Promoters who are also Directors, do not have any other interest in the Company.

All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations. Except as stated otherwise, in this Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

The Articles of Association provide that the Directors and officers shall be indemnified by the Company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favour or is acquitted in such proceeding.

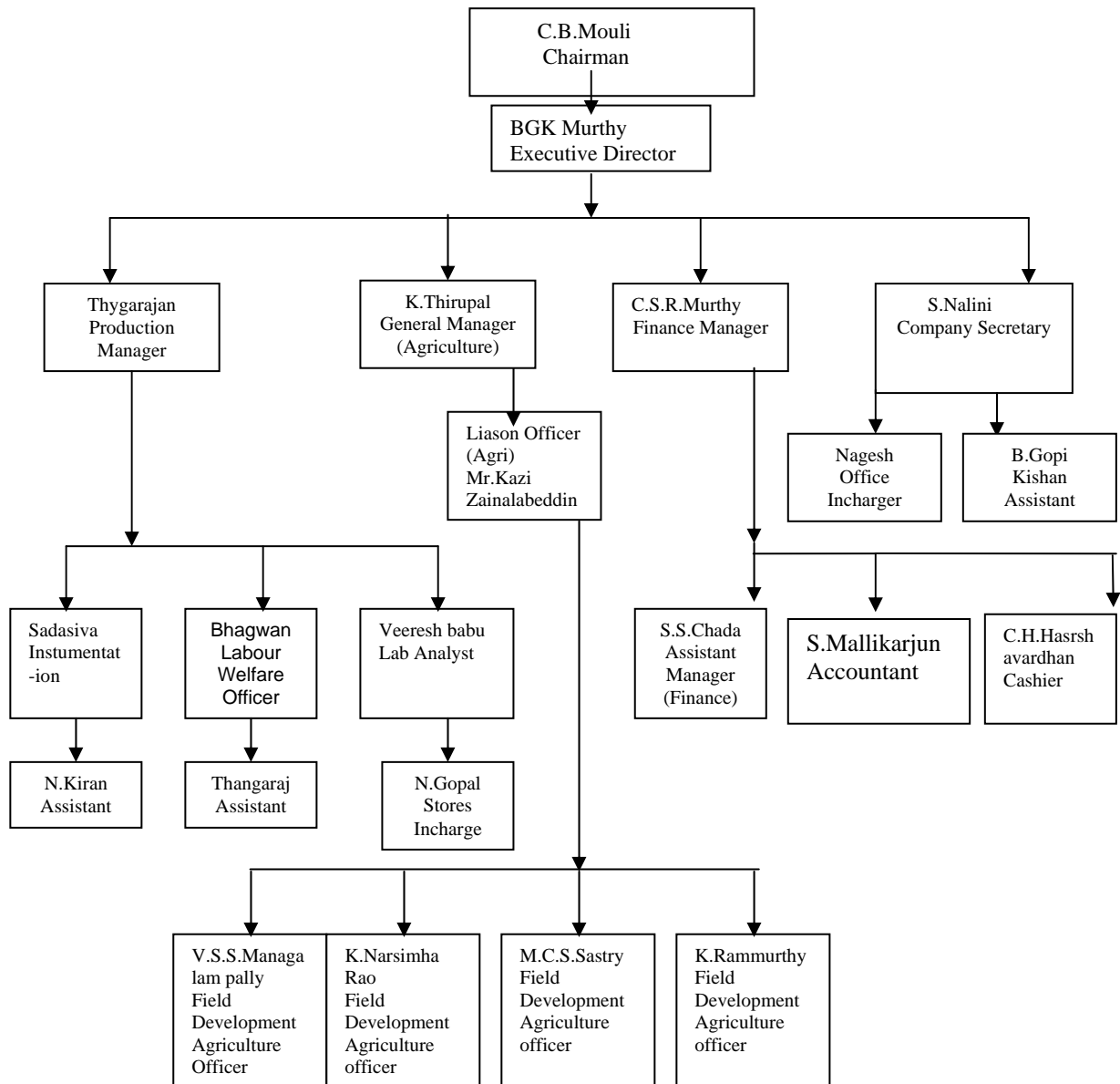
Changes in the Board of Directors in the last 3 years)

The following are the changes in the Board of Directors in the last 3 years and no changes thereafter have taken place:

Name	Date of Appointment	Date of Cessation	Reason
C. Balamouli	26.03.2003	-	Appointed
B.G.K Murthy	26.02.2000	-	Appointed
Manish Mehta	21.02.2002	20.02.2003	Resigned
K.Sreedhar Reddy	21.02.2002		Appointed
Prem Goyal	06.06.2002		Appointed
A.S.Madhava Rao	06.06.2002	28.05.2005	Resignation
Zaheer UI Eshan	06.06.2002		Appointed
M.Nageswara Rao	06.06.2002	04.09.2002	Resigned
Mr.Padmanabhan	28-05-2005		Appointed
Mr.Raghavan	28-05-2005		Appointed
Smt.Deepa mouli	28-05-2005		Appointed
Bharathi Devi	26.03.2003	30.09.2003	Resigned



MANAGEMENT ORGANIZATION CHART





KEY MANAGEMENT PERSONNEL:

Name	Designation	Age (in Yrs)	Date of Joining	Qualification	Work Experience (in Yrs.)	Area of Specialisation
Mrs. S. Nalini	Company Secretary	32	08-08-2005	B.Com, A,C,S	5 years	Company Law matters
Mr.C.S.Rama Murthy	Finance Manger	53	01-01-2004	B.Sc., CAIIB	29 yrs in a public sector bank	VRS Officer in Public Sector Bank
Mr. K.Thirupal	Agricultural Development Manager	54	01-09-2005	P.G (Agriculture) (Agronomy) P.G.in Arts (Scociology) Fellow Members of sugar Technologist's Association of India, New Delhi	27 years in Sugar Cane & sugar Industry	Sugar cane production Dept advisor cane and advisor (Cane) in sugar federation Hyderabad
Mr.M.Thiagarajan	Production Manager	34	01-01-2004	M.Sc	6 years	Chemistry

BRIEF PROFILE OF KEY MANAGERIAL PERSONNEL:

Mrs. S. Nalini, 32 years, is a Commerce Graduate and a Member of the Institute of Company Secretaries of India. She has an experience of 5 years and specialises in Company Law matters. She has to her credit a paper on Corporate Governance presented at a seminar organized by ICSI at Madurai. She has handled schemes for procuring Finance for viable projects towards setting up of small-scale industries by the entrepreneurs. She has successfully launched a unique scheme for accessing finance without collateral security based on Italian model for the small entrepreneurs called as 'Mutual Credit Guarantee Scheme'.

Mr. C.S.Rama Murthy, 53 years, is a B.Sc., CAIIB and is designated as Finance Manager. He has a vast experience working with Bank of India for 30 years with an exposure in Corporate Credit and Audit Department. He had monitored the credit portfolio of about Rs.100 crores and had dealt with branches involving Rs.500 crores business including prestigious accounts like Infrastructure Leasing Limited at Mumbai. He took voluntary retirement in December'2000 from H.O Mumbai.

Mr. K. Thirupal, 54 years, holds post graduate degrees in Agriculture (Agronomy) and Arts (Sociology). He is designated as Agricultural Development Manager. He is also a Fellow member of Sugar Technologist's Association of India, New Delhi and has worked with sugar Federation in Hyderabad in various capacities. He has an overall experience of 27 years in Sugarcane and sugar industry. He held the post of Deputy Advisor (Cane) and Advisor (Cane) with Sugar Federation Hyderabad. He has worked under the most eminent scientists in the related field of sugar cane in the country and has participated in several science conferences and workshops relating to sugar industry.

Mr. M.Thiagarajan, 34 years, holds a Masters Degree in Science. He is designated as Production Manager. He has worked for 6 years as a shift chemist in Thiru Arororan Sugars Ltd., Distillery unit at Tirumandangudi, Kumbakonam. He has a very good exposure of handling manufacture of Rectified Spirit with production capacity of 60KLPD developed by PRAJ, manufacturing of ENA with production capacity of 60KLPD by five columns LCR system and manufacturing of absolute alcohol with production capacity of 60KLPD by Molecular Sieve Process in KATZEN Technology by Alfa Laval method. He is well versed in Lab Analysis work in Distilleries, Bio gas plant and general Maintenance work as well as House keeping.

The persons whose names appear as key management personnel are on the rolls of the Company and the remuneration paid to these employees is on a consolidated basis. These personnel's services will be regularised before 6 months (being the max. period of probation) reckoning the date of commercial production.



Shareholding of the Key Managerial Personnel

Name of the Key Managerial Personnel	No. of equity shares held
Mr. B.G.K. Murthy	1,00,000

Changes in the Key Managerial Personnel in the last three years:

There is no change in the key managerial personnel except the appointments as mentioned in the paragraph above and resignation of Mr. Varadarajan, whose details appear as under:

Name	Date of Appointment	Date of Resignation	Reason in change
Mr. C. Varadarajan	July 1, 2005	August 30, 2005	Personal reasons

EMPLOYEES:

Presently there are 21 employees on the rolls of the company.

Administrative	7
Skilled	12
Unskilled	2
Total	21

All the employees on the roll are paid a lump sum amount. Salary of all these employees will be regularised post commercial production.

Bonus or Profit Sharing Plan for the Key Managerial Personnel:

There is no Profit Sharing Plan for the Key Managerial Personnel, however Bonus will be paid to the employees as per law and Industry norms.

Disclosures Regarding Employees Stock Option Scheme / Employee Stock Purchase Scheme

Till date, the company has not introduced any Employees Stock Option Scheme / Employees Stock Purchase Scheme, as required by the guidelines or regulations of SEBI relating to Employee Stock Option Scheme or Employee Stock Purchase Scheme.

Payment Or Benefit To Officers Of The Company (Non Salary Related)

There is no amount or benefit paid or given within the two preceding years or intended to be paid or given to any officer of the issuer company and consideration for payment of giving of the benefit.



PROMOTERS/ PRINCIPAL SHAREHOLDERS:

Details Of Promoters Being Individuals:

Name: Mr. C Bala Mouli

Designation: Chairman



Driving License no.	DLRAT 009291272002
Passport Number	B 29 78761
PAN Number	ABQPC 7374 Q
Voter ID	-
Address	1-2-412/18A Gaganmahal colony, Domalguda, Hyderabad- 500029.

Mr.C.Balamouli, 58, is a Chartered Accountant and a Graduate in Law and for the last 25 years, he has been handling Company Law matters, Statutory Audit and Project Financing for Public Companies etc. He is also a financial consultant and advisor to the leading groups in the state of Andhra Pradesh. He has played a key role in identifying the high potential growing sector of manufacturing alcohol (ethanol) that can enable India to be self sufficient for its energy needs curbing huge Foreign Exchange outflow for the import of crude in addition to the benefits to the environment. With an excellent foresight and an awareness of locational advantages that can be provided to the customers, Mr. Mouli was instrumental in helping company acquire Project Site located close to the borders of Tamilnadu and Karnataka. Mr. Mouli played a significant role in getting the necessary Government Approvals and Clearances inspite of Government change at the State Level. As a result of his perseverance, the Company could complete successful trial production and awaiting Orders from the Oil Producing Companies.

Details Of Promoter Being a Company:

(i) **Ammana Equity Fund (P) Limited**

Permanent Account Number	:	AABTA5026F
Company Registration No.		01-20673
Nature of Business		Investment

History:

Ammana Equity Fund Private Limited was incorporated on 13th June 1995 with the object of carrying on business of Hire purchase, leasing, Installment financing, promoting, or assisting promoting by way of making loans, placing funds as share capital, deposits with any private, public, trading establishments, firms companies in India etc.

The authorized share capital of the company is Rs. one Lac comprising 10,000 Equity Shares of face value Rs.10 each and the paid up share capital is Rs. one Lac comprising 10,000 Equity Shares of Rs. 10 each.

Promoters:

❖ Mr. C. Balamouli

Shareholding pattern as on 31st August 2005:

Sr No	Name of shareholders	Number of Equity Shares	% of holding
1	Mr. C. Balamouli	8,000	80.00
2	Dr. Deepa Mouli	2,000	20.00
	Total	10,000	100.00



The Board of Directors comprises of:

Sr. No	Name	Designation
1.	Mr. A. S. Madhava Rao	Director
2.	Mr. B. G. K. Murthy	Director
3.	Mr. C. Balamouli	Director
4.	Dr. Deepa Mouli	Director

The brief financials are given below:

Particulars	Rs in Lacs		
	Fiscal 2005	Fiscal 2004	Fiscal 2003
Total Income	-	-	-
Profit / (Loss) After Tax	-	-	-
Equity Share Capital	1.00	1.00	1.00
Share Holders Funds – Investments	536.95	300.57	253.56
Net Worth (Rs)	1.00	1.00	1.00
NAV per share of FV Rs. 10/- each (Rs.)	10.00	10.00	10.00
EPS of FV Rs. 10/- each (Rs.)	-	-	-
Dividend (%)	-	-	-

The company is not a listed company.

The company is neither a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 nor is under winding up.

There are no defaults in meeting any statutory / bank / institutional dues. No proceedings have been initiated for economic offences against the company.

It is confirmed that the PAN, Bank Account details and Passport Number of **Mr. C. Balamouli** is being submitted to the Stock Exchanges on which Equity Shares are proposed to be listed, at the time of filing of Prospectus with them. In respect of corporate promoters, i.e. **M/s Ammana Equity Fund Private Limited**, its respective PAN, Bank Account details, Company Registration Number and the address of the Registrars of Companies where the company is registered; is being submitted to the Stock Exchanges, on which Equity Shares are proposed to be listed.

Change in Promoters of Ammana Bio Pharma Limited

The Company was originally incorporated by Shri V.Venkateshwarlu, Shri V.Parthasarathi, and Mrs. C.Bharathi Devi under the name Mouli Creations Private Limited to pursue media business. The Company was subsequently taken over by Ammana Equity Fund Private Limited represented by Mr. B.G.K Murthy and name was subsequently changed to Ammana Multimedia Private Limited and then to Ammana Bio Pharma Limited.

COMMON PURSUITS:

There is no other company in the group, which is engaged in the same business as that of Ammana Bio Pharma Limited.

RELATIONSHIP BETWEEN THE PROMOTERS, DIRECTORS AND KEY MANAGERIAL PERSONNEL

Dr. Deepa Mouli, director is daughter of Mr. C. Balamouli who is the Chairman of the Company. Except as stated otherwise, there is no relation between any promoter, Director or Key Managerial Personnel of the company.



FULL PARTICULARS OF THE NATURE AND EXTENT OF THE INTEREST, IF ANY, OF EVERY PROMOTER:

Save as stated in this Draft Red Herring Prospectus neither the Promoters nor the Firms or Companies in which they are members have any interest in the business of the Company, except to the extent of investments made by them and their group / investment companies in the issuer company and earning returns thereon. None of the Promoters or the firms or companies in which they are members has any interest in any property acquired by the Company within two years of the date of this Draft Red Herring Prospectus or proposed to be acquired by it.

PAYMENT OR BENEFIT TO PROMOTERS OF THE ISSUER COMPANY:

Other than the salary and remuneration of the Promoter Directors, referred to in the section titled "Compensation and Perks to Managing Director/ Whole-time Directors" on page [.] of this Draft Red Herring Prospectus, there are no payment or benefit to promoters of the Company.

RELATED PARTY TRANSACTIONS AS PER THE FINANCIAL STATEMENTS:

The details of related party transactions please refer to Annexure VI Of the Financial Statement on page [•] of this DRHP.

CURRENCY OF PRESENTATION:

In this Draft Red Herring Prospectus, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India.

In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and the shareholders, at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. The Board may also from time to time pay interim dividend.

The dividend record of the Company for the past years up to 31st August 2005 as follows: The company has not declared any dividend till 31st August 2005



SECTION V: FINANCIAL STATEMENTS

We the Book Running Lead Manager to the Issue, confirm that all notes to the accounts, significant accounting policies as well as the auditor's qualification have been incorporated.

I. FINANCIAL INFORMATION OF THE COMPANY

To
The Board of Directors of
M/s AMMANA BIO PHARMA LIMITED
1-7-297/18, 125 M.G.Road,
Above Godrej Show Room,
Secunderabad – 500003.

1. In accordance with the requirements of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('SEBI Guidelines') and our terms of reference with Ammana Bio Pharma Limited ('the Company') dated 28-05-2005 requesting me to make this report for the purpose of the Proposed Public Issue. I have examined the attached Statement of Adjusted Profit and Loss (Annexure I), the Statement of Adjusted Assets and Liabilities (Annexure II) and the financial information contained in Annexure III to X. Annexures I to X are the responsibility of the Company's management. My responsibility is to report on the Annexures I to X based on my examination. The company has no subsidiaries or holding companies and principles of consolidation and Annexure relating to the same are not applicable.

This report is intended solely for your information for the purpose of incorporating in the Prospectus to be issued by the Company in connection with the proposed Public Issue by the Company.

Yours faithfully,

Sd/-
V.SASIDHAR
Chartered Accountant.

Membership No200954.

Place:Hyderabad
Date:03-10-2005



Statement of Adjusted Profit and Loss

**Annexure I
(Rupees in lakhs)**

PARTICULARS	As at 31 March 2000	As at 31 March 2001	As at 31 March 2002	As at 31 March 2003	As at 31 March 2004	As at 30 April 2005	As at 31 August 2005
INCOME							
Sales – Manufactured	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Traded							
Total							
OTHER INCOME	0.07	1.66	0.65	7.50	6.71	23.79	0.00
Increase/ (decrease) in stock	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.07	1.66	0.65	7.50	6.71	23.79	0.00
Less: EXPENDITURE							
Cost of raw materials consumed And purchase of traded goods	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Staff costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other manufacturing expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Administration expenses	0.02	1.61	0.63	7.48	6.68	23.67	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENDITURE	0.02	1.61	0.63	7.48	6.68	23.67	0.00
Less : Cost capitalized	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total operating expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit before depreciation, doubtful Advances and extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net adjusted profit/ (loss) before Extraordinary items	0.05	0.05	0.02	0.02	0.03	0.12	0.00
Add : Extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit/(loss) after Extraordinary items	0.05	0.05	0.01	0.02	0.03	0.12	0.00
Less: Provision for current tax	0.02	0.02	0.01	0.01	0.01	0.04	0.00
Net profit/(loss) after Taxation and adjustments	0.03	0.03	0.01	0.01	0.02	0.08	0.00



Statement of Adjusted Assets and Liabilities

Annexure II
(Rupees in lakhs)

PARTICULARS		As at	As at	As at	As at	As at	As at	At at
		31 March 2000	31 March 2001	31 March 2002	31 March 2003	31 March 2004	30 April 2005	31 August 2005
(A)	FIXED ASSETS							
(i)	Gross block	2.52	2.52	2.52	6.03	1163.55	1681.35	1863.17
	Less : Accumulated depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net block	2.52	2.52	2.52	2.52	1163.55	1681.35	1863.17
(ii)	Capital work in progress	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Net block after adjustment	2.52	2.52	2.52	2.52	1163.55	1681.35	1863.17
(B)	Investments	0.00	163.62	110.00	356.09	0.00	0.00	0.00
(C)	Current assets, loans and advances							
(i)	Inventories	0.00	0.00	0.00	0.00	54.60	88.35	88.35
(ii)	Accounts Receivable	103.52	102.52	102.52	1.14	100.00	0.00	0.00
(iii)	Cash and bank balances	3.62	1.04	1.06	1.10	0.55	1.55	16.71
(iv)	Loans and advances/Advances	0.83	0.83	0.83	22.83	0.00	95.65	87.80
	A+B+C	110.49	270.53	216.93	387.18	1318.70	1866.19	2056.03
(D)	Less : liabilities and provisions							
	Secured loans	3.74	0.00	0.00	0.00	827.35	1022.42	1035.01
	Unsecured loans	0.00	0.00	0.00	0.00	0.00	6.38	48.69
	Current liabilities	6.69	6.80	6.81	5.97	7.90	8.60	12.89
	Provisions	0.04	0.06	0.05	0.05	0.00	0.04	0.00
	Net Worth	100.02	263.67	210.07	381.16	483.45	829.46	959.44
(i)	Share capital	100.00	100.00	100.00	100.00	300.00	900.00	900.00
	Share Application Money	0.00	163.62	110.50	281.06	254.55	0.48	109.93
(ii)	Reserve and surplus	0.07	0.10	0.11	0.14	0.16	0.24	0.24
	Net Reserves and surplus	0.07	0.10	0.11	0.14	0.16	0.24	0.24
(i)	Less:Pre-Ope.Exp.To be Apportioned	0.00	0.00	0.00	0.00	71.26	71.26	50.73
(ii)	Misc. Expenditure w/off	0.05	0.05	0.04	0.04	0.00	0.00	0.00
	Net Worth	100.02	263.67	210.07	381.16	483.45	829.46	959.44



Summary of significant accounting policies

Annexure III

1. Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI) and the relevant provisions of the Companies Act, 1956, to the extent applicable.

2. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of financial statement. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

3. Fixed assets and depreciation : As the company has not commenced

**Commercial operations depreciation not
Provided.**

4. Research and development : The company is actively pursuing research

**Activities and has exclusive department headed by Smt. Dr. Deepa
Mouli.**

5. Revenue recognition Nil

6. Foreign exchange translations Nil

7. Taxation : Deferred taxation is not applicable

8. Contingencies Nil

9. As the company has not commenced commercial operations, Profit & Loss has not been Prepared and expenses upto 31st August 2005 have been capitalised.

10. During the current Financial Year, the Company has capitalized the pre-operative expenses of Rs. 71.26 Lacs incurred upto 30th April, 2005.



Annexure IV

Details of Loans & Advances

Particulars	As at 31st March 2000	As at 31 st March 2001	As at 31 st March 2002	As at 31 st March 2003	As at 31 st March 2004	For the period ended 30 th April 2005	For the period ended 31 st August 2005
Deposits	0.83	0.83	0.83	0.83	0.00	0.00	0.00
Advances to Directors for Purchase of Land	0.00	0.00	0.00	22.00	0.00	0.00	0.00
Advances for Plant & Machinery	0.00	0.00	0.00	0.00	0.00	67.05	51.50
Multimedia Investments	0.00	0.00	0.00	0.00	0.00	28.60	28.60
IPO Expenses	0.00	0.00	0.00	0.00	0.00	0.00	7.70
Pre-operative Expenses							
A) Interest servicing to SBI	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B) Remuneration to Directors	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C) Administrative expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.83	0.83	0.83	22.83	0.00	95.65	87.80

Notes to statements of adjusted profit and loss (Annexure I) and adjusted assets and liabilities (Annexure II)

Annexure V

(Rupees in lakhs)

Adjustments [increase/ (decrease)] in Statement of assets and liabilities	Year ended 31 March 2000	Year ended 31 March 2001	Year ended 31 March 2002	Year ended 31 March 2003	Year ended 31 March 2004	Period ended 30 April 2005	Period Ended 31 August 2005
(i) Reserves and Surplus	0.07	0.10	0.11	0.14	0.16	0.24	0.24
(ii) Current liabilities	6.69	6.80	6.81	5.97	7.90	8.60	12.89
(iii) Provisions	0.04	0.06	0.05	0.05	0.00	0.04	0.00
(iv) Deferred tax liability (net)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(v) Investments	0.00	163.62	110.00	356.09	0.00	0.00	0.00
(vi) Loans and Advances/Deposits	0.83	0.83	0.83	22.83	0.00	95.65	87.80



Other selective financial information as at 30 April 2005

Annexure VI

Notes to the accounts

- Contingent liabilities not provided for in respect of: Nil
- Secured Loans:

Nature of security

Particulars	March 31,2004	April 30,2005	31 August 2005	Remarks
1.Term Loan from SBI	827.36	1002.56	1014.92	Mortgage of factory land, and Fixed Assets
2.Working Capital (C C)	0.00	19.86	20.09	Hypothecation of Current Assets

12. Related Party Transactions for the period ended 31 August 2005 :

Related party disclosures, as required by Accounting Standard 18, "Related Party Disclosures", issued by the Institute of Chartered Accountants of India are given below:

1. Based on Control

Related party	Relationship	%of holding
Nil	Nil	Nil

2. Directors of the Company

Whole time Directors: Mr.B.G.K.Murthy, Executive Director, is whole time Director.

3. Relatives of Key Management personnel (after 31.08.2005)

- Dr. Deepa Mouli, M.B.B.S, DRM, D/o C.B.Mouli, Chairman.
- Dr. V.H.Swaroop, M.D, M.B.A, son-in-law of C.B.Mouli, Chairman.

4. Remuneration to the Director

Name	30 April 2005	31 August 2005
Mr.B.G.K.Murthy	Rs.1,20,000	Rs.80,000
Mr.Deepa Mouli	-	Rs.60,000

5. Related party transactions

Particulars	31-08-05	2004-05	2003-04	2002-03	2001-02	2000-01
Rent paid to C.Bharathi Devi	-	2,00,000	1,44,000	1,44,000	-	-
Consultancy fee paid to						
(R&D, Product Development)						
2) Mr. B.G.K.Murthy (Remuneration for Project Implementation)		80,000	1,20,000	1,20,000	1,20,000	-
3) Mr.C.B.Mouli (Consultancy for Finance and Project advisory services as Chartered Accountant)		-	-	3,00,000	3,00,000	-



		31-08-2005	2000-01	2001-02	2002-03	2003-04	2004-05
	Transactions with Related Parties						
(a)	Purchases of goods						
(b)	Sale of goods	Nil					
(c)	Receiving of services (Including interest)	Nil					
(d)	Finance (including loans and equity contribution in cash or in kind)	Nil					
	<u>Equity Shares Allotted to</u>						
	Ammana Equity Fund (p) Ltd					2,00,00,000	23,69,520
	Consideration other than cash						
(e)	Loan recovery	Nil					
(f)	Management contracts including for Deputation of employees	Nil					
	Payables						
	Receivables	Nil					



Dividend

Annexure VII

Particulars	Year ended 31 March 2000	Year ended 31 March 2001	Year ended 31 March 2002	Year ended 31 March 2003	Year ended 31 March 2004	Period Ended 30 April 2005	Period Ended 31 August 2005
Equity shares							
Number of shares	10,00,000	10,00,000	10,00,000	10,00,000	30,00,000	90,00,000	90,00,000
Face value (Rs.)	10	10	10	10	10	10	10
Paid-up value (Rs.)	1,00,00,000	1,00,00,000	1,00,00,000	1,00,00,000	3,00,00,000	9,00,00,000	9,00,00,000
Rate of dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total dividend (Rs)	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Corporate dividend tax on above (Rs)	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Accounting ratios

Annexure VIII

Key Ratios	Year ended March 31, 2003	Year ended March 31, 2004	Period ended April 30, 2005	Period ended August 31 2005
a) Earning per Share	0.001	0.0006	0.008	0.00
b) Net Asset value per share	1.001	0.763	0.921	1.04
c) Return on Net worth	0.00003	0.00004	0.0001	0.00
d) Percentage Number of Equity Shares	100	100	100	100

Definitions of Ratios

- (1) Earnings Per Equity Share = (Adjusted Net profit after tax and after Preference share dividend and tax thereon) / (Weighted average number of Equity shares)
- (2) Return on Net Worth = (Net profit after tax and dividend on Preference Shares (including tax)) / (Equity shareholder's funds after reduction of Miscellaneous expenditure not written off at the end of the year)
- (3) Net Asset Value = (Net assets after reduction of Miscellaneous expenditure not written off and Preference share capital at the end of the year) / (Weighted average number of equity shares)



Statement of Capitalization

Annexure IX

(Rupees in lakhs)

Particulars	Pre-Issue as at 30 April 2005	Pre-Issue As at 31 August 2005	Adjusted on Post-issue Basis *
Borrowings			
Short term Debts (refer Notes 1 and 2)	6.38	48.69	
Long term Debts	1022.42	1035.01	
Total debts	1028.8	1083.70	
Shareholder's Funds :			
Share Capital	900.00	900.00	
Share Application Money	0.48	109.93	
Reserves (net of Revaluation reserve)	0.24	0.24	
Pre-Ope. Expenses Expenditure (to the extent not written-off or adjusted)	71.26	71.26	
Total Shareholder's Funds	0.00	938.91	
Long term Debt/Equity Ratio	1.14	1.20	

* Share capital and reserves, post issue can be ascertained only after the conclusion of book building process.

Other income : -

Annexure X

(Rs. Lakhs)

Details of Other income	Year ended 31 March 2000	Year ended 31 March 2001	Year ended 31 March 2002	Year ended 31 March 2003	Year ended 31 March 2004	Period ended 30 April 2005	Period Ended 31 August 2005
Recurring							
Sales tax set-off	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Research and development fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other income							
Multimedia Services	0.07	1.66	0.65	0.00	0.00	0.00	0.00
Fee for Monitoring services & Deputation of Employees	0.00	0.00	0.00	7.50	6.71	23.79	0.00
Total	0.07	1.66	0.65	7.50	6.71	23.79	0.00



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- 1 Details of Other income is as per the Statement of Adjusted Profit and Loss.
 - 2 The classification of Other income by management into recurring and non-recurring is based on the current operations and business activities of the Company.



II. FINANCIAL INFORMATION ABOUT THE GROUP/ASSOCIATE COMPANIES:

Partnership Ventures:

Mr. C Balamouli, along with a partner set up a partnership venture called, C.B. Mouli & Associates in the year April 1, 1997. The firm is a chartered accountancy firm

Names of the Partners (Ratio between partners) :

1. Mr. C Balamouli (40.00%),
2. Mr. K. Nageswara Rao (30.00%),
3. Mr. Mani Oommen (30.00%),

The brief financial results of the company is set out below:

Year Ended March 31	(Rs. In lakhs)		
	2005	2004	2003
Total Income	27.78	27.03	26.05
Profit After Tax	6.66	4.75	4.54
Partners' Capital	13.14	7.33	5.57

Ventures with which Promoters have disassociated in the last 3 Years

Ammana Equity Fund (P) Ltd., in the year 2001 acquired of 24,66,300 shares (99.8%) of KML Datapro (P) Ltd., for a total consideration of Rs.2 lakhs from its shareholders namely Associated Electro Medical Equipment (P) Ltd., and Srichand Agencies (P) Ltd. KML Datapro (P) Ltd. had paid advances about Rs.240 lakhs to various unlisted companies under private placement and was expected to make good capital gains income. Ammana Equity fund had taken over the company in the year 2001 expecting appreciation to avail the opportunity of making good capital gain income in view of buoyant stock market in 2001. After waiting for 4 years, neither the advances could be converted nor shares transferred. Ammana Equity Fund (P) Ltd., as its investment was not yielding any returns, divested and transferred back the entire shares for consideration of Rs.2 lakhs on 01.10.2004.

III. CHANGES IN ACCOUNTING POLICY IN THE LAST THREE YEARS

There have been no changes in Accounting Policy of the Group/ Associate Companies in the Last three years.



IV. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION:

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

The following discussion briefs the financial condition and results of operations together with the audited financial statements each of the financial years 2005, 2004, 2003 and 2002 including the notes thereto and the reports thereon, which appear elsewhere in this Red Herring Prospectus.

The discussion is based on the audited financial statements for March 31 each of the financial years 2005, 2004, 2003 and 2002, which have been prepared in accordance with Indian GAAP & the Companies Act, and SEBI guide lines as described in the Auditor's report M/s V.Sasidhar, Chartered Accountant dated 3rd October, 2005 in the section with the title "Financial Information" and on information available from other sources.

OVER VIEW

The company was originally incorporated on 31-10-1994 as Private Limited Company under the Name "Mouli Creations (P) Ltd (Regn.No.18659) to carry on media business. However for the next few years the company was totally in operative and dormant. In the year 1999 the company decided to actively pursue media activities and changed the name to Ammana Multimedia Private Limited on 21.07.1999. Subsequently the company did not find carrying on multi media activities conducive and hence the company decided to suspend the activity. In January, 2002 the company after market analysis and project study decided to diversify into Bio-Pharma activities and the name of the company was changed from Ammana Multimedia (P) Ltd., to Ammana Bio-Pharma (P) Ltd. on 24-05-2002.

The company made application to State Bank of India, IFB Branch, Hyderabad and obtained sanction for a term loan of Rs.995 lakhs on 29.11.2002 vide ref. IFB/AMT-10/2002-03/362 in response to company's application dated 21.01.2002 for the purpose of setting up of manufacturing unit for manufacturing Ethanol and its by products at Elkatoor village, Nindra Mandal, Chittoor Dist., Andhra Pradesh. By August 2004 the company was ready for commercial production after total installation of Ethanol plant and connectivity work for Rectified Spirit – ENA. The company obtained the final clearance from Central Pollution Board in January 2005. The company has already participated in 3 tenders successfully for SR5, SR6 and SR7. While SR5 & SR6 tender was cancelled by the Government. The company has successfully qualified technically for SR7 tender on 22nd August 2005 and Orders from the Oil Companies are expected soon.

Our fiscal year ends on March 31 of each year except for the period of 13 months ended on 30-4-2005 so all references to a particular fiscal year are to the twelve-month period ended March 31 of that year except for 2005 period.

We are into the business of manufacturing alcohol from biofermentation process and manufacture rectified spirit, fuel ethanol, and potable pharma grade alcohol.. Our business and the industry in which we operate are influenced, among other things, by general agro climatic conditions in India.

FACTORS AFFECTING OUR FUTURE RESULTS OF OPERATIONS

Our results of operations could potentially be affected by the following factors:

- Our ability to successfully commission the Expansion Project at the scheduled time;
- Our ability to continuously operate and maintain our manufacturing plants optimally;
- Our ability to continue to source feed stock at competitive rates.

Components of Income

The company will derive its income from the following activities.

1. Sale of Fuel Ethanol
2. Sale of Rectified Spirit
3. Sale of Potable/Industrial Alcohol



OUR RESULTS OF OPERATIONS

The Public sector oil companies in the south issued fresh tenders SR 7 due to certain technical objections in SR6 and the Company is technically prequalified while the rate being the same throughout India and due to its locational advantage which result in saving transportation costs, the Company is expecting Orders from the Oil Companies . The Company facilities were being inspected by the Oil companies and the quality of the sample is approved being by Molecular Sieve technology against conventional azeotropic method thus producing clear absolute alcohol without any of benzene traces complying with the world standards. The Company had tendered only for 10% of the tendered quantity short listing to the nearby blending units at Ongole, Kadappa, Guntakal in the Andhra Pradesh situated very close to the factory thereby avoiding totally competition on account of being logistically advantageous location. The Company is situated on a 70 acres land close to the National High Way being 20 Kms from Tamilnadu border about 100 Kms from Karnataka border.

The Central Pollution Control Board after several meetings and public hearings and after representation from the Andhra Pradesh State Government issued final clearance for the production of Rectified Spirit in January 2005.

For these factors beyond control the Company could not go to Commercial production but still serviced the SBI term loan regularly to maintain good relations with Banking sector. The Company had no Commercial operations as on this date and from the year 2002, about when the biofuel activity was being pursued, the Company had no revenue except from hiring out the services by its employees to control administrative expenditure.

Revenue:

Since 2002 onwards there was no commercial activity, the company had not generated any revenue. The main business of the company had not commenced Hence there is no business revenue for the company for all the years. However, the Company expects to receive Orders from Oil Companies shortly.

Other income:

The company deputed its personnel and staff for the years ended on 2003, 2004 & 2005(13 months) and set off its administration expenses.

Details of Other income

(Rs. Lakhs)

	Year ended 31 March 2000	Year ended 31 March 2001	Year ended 31 March 2002	Year ended 31 March 2003	Year ended 31 March 2004	Period ended 30 April 2005	Period Ended 31 August 2005
Recurring							
Sales tax set-off	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Research and development fees	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other income							
Multimedia Services	0.07	1.66	0.65	0.00	0.00	0.00	0.00
Fee for Monitoring services & Deputation of Employees	0.00	0.00	0.00	7.50	6.71	23.79	0.00
Total	0.07	1.66	0.65	7.50	6.71	23.79	0.00

Expenditure:

The expenditure comprised mainly of salaries & wages and office administration expenses, which were set off against deputation of staff. The bank interest paid for all the years 2003, 2004 & 2005(13 months) were capitalized.

Raw Material Cost:



As the company had not started manufacturing operations there is no raw material cost for all the years.

Depreciation:

As the company has not commenced Commercial operations depreciation not provided.

Profit After Tax:

There is no profit after tax as the company had not yet commenced commercial operations.

Sundry Debtors:

As the Company's business operations are yet to start there are no sundry debtors.

Foreign exchange transactions:

As the Company is yet to start its commercial productions, there are no exports yet.

Secured Loans:

Particulars	March 31,2004	April 30,2005	31 August 2005	Remarks
1.Term Loan from SBI	827.36	1002.56	1014.92	Mortgage of factory land, and Fixed Assets
2.Working Capital (C C)	0.00	19.86	20.09	Hypothecation of Current Assets

Dividend:

The Company had not declared any Dividends for any of the years.



Our Results of Operations

(Rupees in lakhs)

PARTICULARS	As at 31 March 2000	As at 31 March 2001	As at 31 March 2002	As at 31 March 2003	As at 31 March 2004	As at 30 April 2005	As at 31 August 2005
INCOME							
Sales – Manufactured	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Traded							
Total							
OTHER INCOME	0.07	1.66	0.65	7.50	6.71	23.79	0.00
Increase/ (decrease) in stock	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL	0.07	1.66	0.65	7.50	6.71	23.79	0.00
Less: EXPENDITURE							
Cost of raw materials consumed							
And purchase of traded goods	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Staff costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other manufacturing expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Administration expenses	0.02	1.61	0.63	7.48	6.68	23.67	0.00
Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL EXPENDITURE	0.02	1.61	0.63	7.48	6.68	23.67	0.00
Less : Cost capitalized	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total operating expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit before depreciation, doubtful Advances and extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net depreciation	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net adjusted profit/ (loss) before Extraordinary items	0.05	0.05	0.02	0.02	0.03	0.12	0.00
Add : Extraordinary items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit/(loss) after Extraordinary items	0.05	0.05	0.01	0.02	0.03	0.12	0.00
Less: Provision for current tax	0.02	0.02	0.01	0.01	0.01	0.04	0.00
Net profit/(loss) after Taxation and adjustments	0.03	0.03	0.01	0.01	0.02	0.08	0.00



OUR BUSINESS

Our main business is to manufacture Fuel Ethanol, Rectified Spirit and Extra Neutral Alcohol in order to meet the demand from public sector oil companies, Government alcohol requirements, bottling Companies Pharmaceutical and Paint Industries.

Recent years witnessed encouraging and raising trend for ethanol blending programme with petrol all over the globe to dispense away with MTBE blending being cancer causing and pollutant Ethanol being non pollutant and Environment friendly, the market for Ethanol is to sustain in the many years to come. The Union Government has proclaimed the policy of commitment to the continuance of Ethanol blended petrol (EBP) programme on a long term basis and to be effective immediately in 10 states including Andhra Pradesh and 4 union territories. Whereas the market for Extra Neutral Alcohol and Rectified Spirit will be sustain due to company's ability to produce premier quality of absolute alcohol at 99.8% purity under vapour band Molecular Sieve technology of IEM Inc. USA.

The company can be positioned in the Food Processing Industry as winery promoting growth of agricultural sector. So also grain alcohol can be produced with Sweet Sorghum grains and Maize, so as to cater the demand from fine liquor manufacturers,

The company can explore the possibilities of diversifying in the production for bio diesel, which has vast potential in transportation system for blending with petrol/diesel.

Sweet Sorghum as feedstock

The proposed use of sweet sorghum feed stock as raw material enables the company to achieve a low cost of production and thus making the unit globally competitive. Further the cultivation of sweet sorghum requires low consumption of water with sustainability even under drought conditions with two crop cycles in a year as against conventional use of molasses with only one crop cycle requiring high consumption of water.

The low cost of production being prime factor to withstand vagaries of prices, the Company has opted Sweet Sorghum raw material as its main feedstock. The Sweet Sorghum crop sustains even in drought conditions with low consumption of water. Further from Sweet Sorghum, a finer quality of alcohol can be produced.

In view of low cost production to be achieved with the use of Sweet Sorghum raw material, we can also compete for export market if need arises, and also can withstand adverse price fluctuations.

Our business would be among the few bio fuel units being locally self supportive with use of sweet sorghum and co-generation by using bagasse and press mud for achieving zero discharge of effluents.

Our business intends to promote Agro/Rural economy by encouraging cultivation of dry land crop Sweet Sorghum and also producing Ethanol which is non pollute and environmental friendly within the ambit of long term sustainability on profitable lines.

Quantitative and Qualitative Disclosures about Market Risk

We are not exposed to any significant market risk arising from changes in either foreign exchange.

Currency Exchange Rates

We have neither borrowed any funds from outside India non .foreign currency loans. As such, we are not subject to any currency exchange risk.

Interest Rates

Interest on outstanding loans and interest on working capital are charged at fixed rates by State Bank of India, variable as per RBI and State Bank Policy. We don't foresee any need to hedge against interest rates fluctuations.

Effect of Inflation



Inflation has not had a significant effect on the result of our operations to date. We do not expect that inflation will have a significant impact on our results of operations for the foreseeable future.

Loans outstanding to Directors and Key Managerial Personnel.

We have no loans outstanding to, our, Directors or any of the Key Managerial Personal.

INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5(A) OF THE SEBI GUIDELINES:

Unusual or Infrequent events or transaction

To the best of our knowledge, save as described elsewhere in this Red Herring Prospectus, particularly in "Management's Discussion and Analysis of Financial Condition and Results of Operations", there are no events that may be described as unusual or infrequent events and transactions.

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

The New Notification issued by the Central Government on 27th October 2004 says oil companies are obliged to blend 5% ethanol in designated states & Union Territories. If the following conditions are fulfilled:

- c) If the price of sourcing indigenous ethanol for supply of ethanol blended petrol is comparable to the price of indigenous ethanol for alternative uses.
- d) The delivery price of ethanol of the location is comparable to the Import Parity Price of petrol (at the location)

The company's proposed plan of utilizing sweet sorghum as a feedstock in the place of molasses provides a cost effective production giving a scope for high margins. The sweet sorghum as feedstock has a unique advantage, without dependence on any sugar factory in achieving self-sufficiency in fuel for energy and production of bio-fertilisers for providing zero discharge.

Known trends and uncertainties

Other than as described elsewhere in this Red Herring Prospectus, particularly in the section titled "Risk Factors" stated and in "Management's Discussion and Analysis of Financial Condition and Results of Operations", to our knowledge there are no trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Future relationship between costs and revenues

We reasonably do not foresee any factor that may have a material adverse impact on the operation and finances of our Company except factors elsewhere dealt with in this Red Herring Prospectus.

Total turnover of the Company's major industry segments

For the factors beyond control the Company could not go to Commercial production. The Company had no Commercial operations as on this date and from the year 2002.

New product and business segment

Future Prospects:

After implementing the proposed project the company will become an integrated bio-fuel complex based on sweet sorghum crop and being early bird entrants, the company can become an important player in the field of alcohol, supplying to premium liquor manufactures, drug and pharma companies and oil companies. The company will be in a position to manufacture the under mentioned products after the proposed project is implemented: Grain Alcohol, Bio Diesel, and Winery.

Status of any publicly announced new products or business segments:



The company has not announced any new products or business segments.

Seasonality of business

While molasses based bio-fuel units can run seasonally, the proposed multi feed technology adoption by the company would enable the to operate round the year.

Over dependence on single supplier or customer

The company proposes to enter direct purchase and buy back agreements with sweet sorghum cultivators around the factory location, similar to sugar factory arrangements, twice in a year.

Competitive Conditions

The company installed capacity of fuel ethanol under molecular sieve technology and comprises less than 1% of market share in India and less than 10% of market share in southern states and about 20% market share in the state of Andhra Pradesh.

DETAILS OF MATERIAL DEVELOPMENTS AFTER THE DATE OF LAST BALANCE SHEET

THE DIRECTORS OF OUR COMPANY HEREBY STATE THAT IN THEIR OPINION THERE IS NO MATERIAL DEVELOPMENT AFTER THE DATE OF LAST FINANCIAL STATEMENTS DISCLOSED IN THE OFFER DOCUMENT WHICH IS LIKELY TO MATERIALLY AND ADVERSELY AFFECT OR IS LIKELY TO AFFECT THE TRADING OR PROFITABILITY OF THE COMPANY OR THE VALUE OF ITS ASSETS, OR ITS ABILITY TO PAY ITS LIABILITIES WITHIN THE NEXT TWELVE MONTHS.

Adverse Events

There has been no adverse event affecting the operations of the Company occurring within one year prior to the date of filing of the Prospectus with the Registrar of Companies.

Defaults

The Company has not defaulted in meeting any statutory or institutional dues. The Company has not defaulted in making any payment/refunds for debentures, fixed deposits and interest on debentures and fixed deposits, and there were no debentures or fixed deposits borrowed.

The following discussion is based on Audited financial Statements (as restated) for the periods ended 31-03-2003, 31-03-2004, and 30-04-2005 including the notes thereto the reports thereon, which appear on page..... of this prospectus.

The data for 13 months for the financial year ended 30-04-2005 is presented for the period preceding to commercial production.



Background and Basis of Presentation

The Company started with multimedia objective originally had changed its objective to core activity of Bio-Pharma sector in the year 2002 and proceeded thereafter to mobilise sources for commissioning of Industrial Alcohol (Potable/Fuel Ethanol) Manufacturing Unit. Accordingly the mobilised sources include capital and term debt from State Bank of India from 2002-03 onwards and completed erection of Ethanol unit by mid 2004.

The delay was due to extraneous factors like prolonged process for PCB clearance followed by review of Ethanol blending policy by the UPA Government, which came to power in 2004. However the present UPA Government had also concluded its policy and came out with long term committed policy of Ethanol Blending Programme during May,2005.

Since the past performance of the preceding 3 financial years related to non-operational period, the financial figures basically refer deployment of funds only but not the performance.

General Information

Liquidity and capital induction was already on the basis of SBI appraisal parameters. Further capital induction is being enhanced in the direction of complying with minimum 51% of promoters equity contribution in the context of Public Issue.



SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS:

Outstanding Litigations / Disputes/ Defaults

1. Litigation involving the Company

Civil Case:

Sr. No.	Name of the Opposite Party	Place of Litigation	Court before which Litigation is Pending	Date Instituted	Claim Amount
1	S.J.Chowdary	Elkatoor, Nindra Mandal, Chittoor Dist., A.P.	Principle Senior Civil Judge, Puttur, Chittoor Dist., A.P.	O.S.No.52/2003	Specific performance

CASE HISTORY

A suit was filed for specific performance against the sellers of the 70 acres of land of company's factory site by one S.J.Chowdary purported to have entered an unregistered and time bared agreement prior to sale transaction to the company. The civil court refused to issue injection order against the company as the company is a bonafide purchaser and the mutation is done in state government records issuing patta pass books.

There are no other pending litigations against the company.

There are no outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).

There are no such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.

No disciplinary action/ investigation has been taken by Securities and Exchange Board of India(SEBI)/ Stock Exchanges against the Company, its directors , promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.

There are no cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.

The Company, confirms that there are no pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/Directors other than those mentioned in this Offer Document and that no litigations have arisen after the issue of SEBI's Observation letter and the Company and its Directors take full responsibility of the information mentioned in the Offer Document.

There are no major creditors having an outstanding balance for more than six months as on August 31, 2005.

Litigations against the Promoters/ Directors

There are no outstanding litigations, disputes, defaults, non-payment of statutory dues, overdues to banks and/or FIs, defaults against banks and/or FIs, proceedings initiated for economic/civil/any other offences (including past cases where penalties may /may not have been awarded and irrespective of whether they are specified under paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against Promoters/ Directors of Ammana Bio Pharma Limited.



Litigations against Group Companies / Associate Concerns

There are no criminal, securities, statutory or other litigations against any of the Group/Associate Companies. There are no outstanding litigations, disputes, penalties including tax liabilities economic offence, criminal/civil prosecutions for any offence irrespective of whether specified under any enactment in paragraph (1) of Part (1) of schedule XIII of Companies Act 1956 against the Group companies / Associate Concerns promoted by the Promoters.

There are no outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of the Company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956).

Amounts due to small-scale undertakings

There are no small scale undertakings to whom the issuer company owes a sum a sum exceeding Rs. 1 lakh which is outstanding for more than 30 days.

Material Developments Since The Last Balance Sheet Date:

There are no material developments since the last balance sheet date.

Other than the above, in the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last financial statements disclosed in this DRHP, any circumstance that materially or adversely affect or are likely to affect the profitability of the Company or the value of its consolidated assets or its ability to pay its material liabilities within the next twelve months other than as disclosed in the DRHP.

CONTINGENT LIABILITY AGAINST THE COMPANY

There is no contingent liability outstanding against the company.

GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS:

The Company has received all the necessary licenses, permissions and approvals from the Central and State Governments and other government agencies/certification bodies required for its business and no further approvals are required by the company for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Government and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities and no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals taken by the Company under various Central and State Laws for carrying out its business.

Sr. No.	Issuing Authority	Registration/ License No.	Nature of Registration/License	Validity / Date
1	Deputy Registrar of Companies, Andhra Pradesh - Hyderabad	01-186594	Certificate of Incorporation	-
2	Industrial Entrepreneur Memorandum (IEM) issued by Government Of India	2605/SIA/IMO/2001 & 3253/SIA/IMO/2004	License for manufacturing of R.S., E.N.A. & Ethanol	There is no validity period for the license
3	Andhra Pradesh Pollution Control Board (Regional office)	Letter No. – G-25/PCB/RO/TPT/2002/920	Site Clearance from regional authority of Pollution Control Board	Date of site clearance letter is 05.09.2002
4	Andhra Pradesh Pollution Control Board	APPCB/KNL/TPT/451/HO/2003/90/2692	Permission by Pollution Board for manufacturing of Alcohol	There is no validity period for the license



5	Government of India (Ministry of Environment & Forests)	No.J- 11011/130/2004-IA II (I)	Permission by Pollution Board for manufacturing of Alcohol	There is no validity period for the license
6	Grama Panchayat License by Village Panchayat Board	12/2003	Panchayat board has given a permission to construct a factory	Date of permission is 20.06.2003.
7	Excise DR2 License by Andhra Pradesh State Excise authority	b1/2771/2002/DDB/E x.	Regulatory license to monitor production and sales by alcohol by state government	To be renewed on a yearly basis.
8	Central Excise Registration Certificate issued by Deputy Commissioner Central Excise & Customs, Tirupati	AADCA7143AXM001 dated 5/5/2004	To manufacture of excisable goods like ethanol	There is no validity period for the license
9	Factory License issued by Deputy Inspector of Factories	License No. 43120, Reg.No. 50739	To run a factory at the factory site in Chittoor	Date of License 16.10.2004
10	Chief Commissioner of Income Tax, Andhra Pradesh	AADCA7143A	Permanent Account Number	-
11	Assistant Commercial Tax Officer	SEC/01/03/5B/123/2 004-05 dated 8/12/2004	Certificate of Registration under AP General Sales Tax Act	-
12	Office of Controller of Legal Metrology	041625 dated 15/05/2004	Certificate of Verification under AP Standards of Weight & Measures (E) Act 1985	Next Verification due on 14/05/2009
13	VAT Registering Authority	28960106927 dated 23/03/2005	VAT Registration Certificate	-



SECTION: VII: OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The Issue has been authorized pursuant to a resolution of the Board of Directors of the Company passed at its meeting held on 2nd May 2005 and by a Special Resolution passed under section 81(1A) of the Companies Act, 1956 at the Annual General Meeting of the Company held on 10th May 2005.

PROHIBITION BY SEBI

The Company, its directors, its Promoters and persons in control of the Company, the subsidiaries, the group companies and companies with which the Company's directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

ELIGIBILITY FOR THE ISSUE

As per Clause 2.2.1 of SEBI Guidelines, an unlisted company may make an initial public offering of equity shares, only if it meets the both the following conditions:

- a. The Company has net tangible assets of at least Rs. 30 million in each of the preceding three full years (of 12 months each) of which not more than 50% are held in monetary assets.
- b. The Company has a track record of distributable profits as per Section 205 of Companies Act, for at least three out of immediately preceding five years.

For calculating distributable profits in terms of Section 205 of the Companies Act extra-ordinary items shall not be considered;

- c. The Company has a net worth of at least Rs.10 million in each of the preceding three full years of 12 months each;
- d. In case the Company has changed its name within the last one year, at least 50% of the revenues for the preceding one full year is earned by the Company from the activity suggested by the new name; and
- e. The aggregate of the proposed Issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer Document + firm allotment + promoters contribution through offer document) does not exceed five (5) times its pre-issue net worth as per the audited balance sheet of the last financial year.

Since the Company does not meet the requirements specified under Clause 2.2.1 mentioned above, the Company is offering Equity Shares through the book building route in accordance with Clauses 2.2.2 and 2.2.2A of the SEBI Guidelines, wherein:

- The issue is made through book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded and,
- The minimum post-issue face value capital of the Company shall be Rs. 10 crore.

The Company undertakes that the number of allottees in the proposed Issue shall be at least 1,000; otherwise, it shall forthwith refund the entire subscription amount received. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI.

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, M/S. CENTRUM CAPITAL LIMITED AND M/s. KHANDWALA SECURITIES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI GUIDELINES FOR DISCLOSURES AND INVESTOR PROTECTION FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.



IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, BOOK RUNNING LEAD MANAGERS, M/S. CENTRUM CAPITAL LIMITED AND M/S. KHANDWALA SECURITIES LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 19, 2005 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:

- I. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, AND DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.
- II. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- a) THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
- b) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;
- c) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE;
- d) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID;
- e) ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MUMBAI IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT, 1956.

AND WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS."

WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, WILL NOT BE DISPOSED /SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS."

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

GENERAL DISCLAIMER

The Company, the Directors and the BRLMs accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the Company and that anyone placing reliance on any other source of information, including the Company's website, www.ammanbio.com would be doing so at his/ her own risk.



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

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

The Company shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India including Indian nationals resident in India who are majors, Hindu Undivided Families (HUFs), companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares), permitted Insurance Companies and to non-residents including NRIs and FIIs as defined under the Indian Laws. This Draft Red Herring Prospectus does not, however, constitute an issue to sell or an invitation to subscribe to Equity Shares Issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself/ herself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

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

Investors may please note that Central Government/ RBI does not take any responsibility for the financial soundness or correctness of the statements disclosed in this Draft Red Herring Prospectus.

DISCLAIMER CLAUSE OF THE BOMBAY STOCK EXCHANGE LIMITED, MUMBAI (BSE):

As required, a copy of this Draft Red Herring Prospectus has been submitted to the BSE. BSE has given vide its letter dated [●], permission to this Company to use the Exchange's name in this offer document as one of the Stock Exchange on which the Company's securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner

- a) Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- b) Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- c) Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

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

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE (NSE):

As required, a copy of the Draft Red Herring Prospectus has been submitted to NSE. NSE has given vide its letter dated [●] granted permission to the Company to use the NSE's name in this Draft Red Herring Prospectus as one of the stock exchanges on which this Company's securities are proposed to be listed subject to the Company fulfilling the various



criteria for listing including the one related to paid up capital and market capitalization (i.e. the paid up capital shall not be less than Rs 10 crore and the market capitalization shall not be less than Rs 25 crores at the time of listing). The NSE has scrutinized the Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed to mean that this Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that this Company's securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquires any securities of the Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

FILING

A copy of the Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI at First Floor, Mittal Court, "B" Wing, Nariman Point, Mumbai 400 021.

A copy of the Draft Red Herring Prospectus, along with the documents required to be filed under 60B of the Companies Act would be delivered for registration to the Registrar of Companies, Kendriya Sadan, Sultan Bazar, Hyderabad, Andhra Pradesh and a copy of the Draft Red Herring Prospectus to be filed under Section 60 of the Companies Act would be delivered for registration with RoC.

LISTING

Applications have been made to the BSE and the NSE for permission to deal in and for an official quotation of the Company's Equity Shares. Bombay Stock Exchange Limited, Mumbai shall be the Designated Stock Exchange with which the basis of allocation will be finalized for non-institutional portion and retail portion.

If the permissions to deal in and for an official quotation of the Company's Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after the Company become liable to repay it (i.e. from the date of refusal or within 70 days from the Bid/Issue Closing Date, whichever is earlier), then the Company, and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 7 working days of finalization and adoption of the Basis of Allotment for the Issue.

Impersonation

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

"Any person who:

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

CONSENTS

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the Auditors, Legal Advisors, the Banker to the Issue; and (b) Book Running Lead Manager, Syndicate Member, Escrow Collection Bank(s) and Registrar to the Issue, to act in their respective capacities, have been obtained and filed along with a



copy of the Draft Red Herring Prospectus with the Registrar of Companies, Hyderabad, Andhra Pradesh and such consents have not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for registration.

Mr. V Sasidhar Auditors of the Company, have given their written consent to the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus.

EXPERT OPINION

Except as stated elsewhere in this Draft Red Herring Prospectus, the Company has not obtained any expert opinions.

EXPENSES OF THE ISSUE

The expenses of the Issue include *interalia* underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Sr. No	Particulars	Amount (Rs. In Lacs)
1	BRLMs Fees/ Brokerage and Underwriting	100.80
2	Registrars	12.00
3	Others i.e. legal charges, advertising, contingencies	116.00
	Total	204.80

FEES PAYABLE TO THE BRLMs, BROKERAGE AND SELLING COMMISSION

The total fees payable to the BRLMs including brokerage and selling commission for the Issue is as per the memorandum of understanding executed between the Company and the BRLMs copies of which are available for inspection at the Corporate Office.

FEES PAYABLE TO THE REGISTRAR TO THE ISSUE

The fees payable to the Registrar to the Issue, M/s. Bigshare Services Private Limited will be as per the Memorandum of Understanding between the Company and the Registrar dated June 29, 2005 copy of which is available for inspection at the Corporate Office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

PREVIOUS PUBLIC OR RIGHTS ISSUE (DURING THE LAST 5 YEARS):

This is the first public issue of the Company. The Company has not made any public issue previously.

PREVIOUS ISSUE OF SHARES OTHERWISE THAN FOR CASH:

For details please refer to section entitled ' Capital Structure" on page no. [●] of this Draft Red Herring Prospectus.

COMMISSION OR BROKERAGE ON PREVIOUS ISSUES:

The Company has not made any public issue since its inception and has not paid any commission or brokerage.

ISSUES BY COMPANIES UNDER THE SAME MANAGEMENT:

There are no listed companies under the same management within the meaning of Section 370(1)(B) of the Companies Act, 1956 and the Company has not made any previous issue.



PROMISES vs. PERFORMANCE:

The Company has not made any public issue of shares since its incorporation. There are no group companies, which have made any public issues.

OUTSTANDING DEBENTURES OR BOND ISSUE OR PREFERENCE SHARES:

The Company has no outstanding debentures or bond issue or redeemable preference shares.

STOCK MARKET DATA FOR THE COMPANY'S EQUITY SHARES

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

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The company has appointed the registrar to the issue, to handle the investor grievances in coordination with the Compliance Officer of the Company. All grievances relating to the present issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as name, address of the applicant, number of equity shares applied for, amount paid on application and bank and branch. The company would monitor the work of the registrar to ensure that the investor grievances are settled expeditiously and satisfactorily.

The Registrar to the issue, namely, Big Shares services Private Limited will handle investors grievances pertaining to the offer. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. The company would also be co-ordinating with the registrar to the offer in attending to the grievances to the investor. The company assures that the Board of Directors in respect of the complaints, if any, to be received shall adhere to the following schedules:

	Nature of complaint	Time Table
1.	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2.	Change of Address Notification	Within 7 days of receipt of information
3.	Any other complaint in relation to Offer for Sale	Within 7 days of receipt of complaint with all relevant details

The company has appointed Mrs. S. Nalini as Compliance Officer who would directly deal with SEBI officer with respect, to implementation/ compliance of various laws, rules, regulations and other directives issued by SEBI and matters related to investor complaints .The investors may contact the Compliance Officer in case of any Public Issue related problems. The Compliance Officer would be available at the Administrative Office of the Company. He may be contacted at the following address:

Ammana Bio Pharma Limited,
1-7-297/18, above Godrej Show Room, 125 MG Road,
Secunderabad: 500 003,
Andhra Pradesh
India
Tel: +91-40-27840777
Fax: +91-40-27848545
E-mail: complianceofficer@ammanabio.com

CHANGES IN AUDITORS DURING THE LAST THREE YEARS WITH REASONS THEREOF:

M/s K V Rao, chartered Accountants were the statutory auditors of the company before the appointment of Mr. V Sasidhar on 3rd May 2004. M/s K V Rao resigned as auditors of the company on 5th April 2004 due to personal reasons.

CAPITALISATION OF RESERVES OR PROFITS DURING THE LAST FIVE YEARS:

There has been no capitalization of reserves in the last five years.



REVALUATION OF ASSETS DURING THE LAST FIVE YEARS:

The Company has not revalued its assets during the last five years.



SECTION: VIII: OFFERING INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of the Company, conditions of RBI approval, the terms of this Draft Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the Allotment Advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

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

Mode of payment of dividend

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

Face Value and Issue Price

The Equity Shares with a face value of Rs. 10/- each are being offered in terms of this Draft Red Herring Prospectus at a price band of Rs. [●] to Rs. [●] per equity share with a floor price of Rs. [●] per equity share. At any given point of time there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws. The issue price is [●] times the face value at lower end of the price band and [●] times of the face value at the higher end of the price band.

Rights of the Equity Shareholder

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

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

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, refer to the section on "Main Provisions of the Articles of Association" on page [●] in this Draft Red Herring Prospectus.

Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors.



Since trading of the Equity Shares will in dematerialized mode, the tradable lot is one equity share. Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiple of one equity share subject to a minimum allotment of [●] Equity Shares.

Nomination Facility to the Investor

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

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

- to register himself or herself as the holder of the equity shares; or
- to make such allotment of the equity shares, as the deceased holder could have made.

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

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

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the net offer to the public, 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. If there is a delay beyond 8 days after the company becomes liable to pay the amount (i.e., 60 days from the Bid Closing Date), the company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

In terms of clause 2.2.2 of SEBI (DIP) Guidelines, 2000 if the final allotment to QIBs works out to less than 50%, the entire subscription money/ bid amount shall be refunded.

If the number of allottees in the proposed issue is less than 1,000 allottees, the Company shall forthwith refund the entire subscription amount received.

Withdrawal of the Issue

The Company, in consultation with the BRLMs, reserves the right not to proceed with the Issue after the bidding. In case the Company decides so, it shall issue a public notice within two days of the closure of bidding, indicating the reasons for withdrawal of offer in the newspapers in which the bid advertisement appeared earlier. The Company shall also inform the Stock Exchanges on which the shares are proposed to be listed.

Arrangements for Disposal of Odd Lots

The Company's shares will be traded in dematerialized form only and therefore the marketable lot is 1 share. Therefore there is no possibility of odd lots.



Restrictions, if any, on transfer and transmission of shares and their Consolidation/ Splitting

There are no restrictions on transfer and transmission of shares and their Consolidation/ Splitting other than those mentioned in Articles of Association of the Company.

Subscription by FII/Foreign Venture Capital Funds registered with SEBI

As per the extant policy of the Government of India, OCBs cannot participate in this Issue. As per the current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exist a general permission for the FIIs and Foreign Venture Capital Investors registered with SEBI to invest in shares of an Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the RBI and/or SEBI regulations as may be applicable to such investors. Based on the above provisions, it will not be necessary for the investors to seek separate permission from the FIPB/ RBI for this specific purpose.

However, it is to be distinctly understood that there is no reservation for NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI and all NRI, FII and Foreign Venture Capital Funds registered with SEBI applicants will be treated on the same basis with other categories for the purpose of allocation.

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

ISSUE STRUCTURE

Public Issue of [•] Equity Shares of Rs. 10/- each at the Issue Price of Rs. [•] for cash aggregating Rs. 2,166.02 lacs is being made through a 100% book building process. Out of the said Public Issue, [•] Equity Shares of Rs. 10/- at the Issue Price of Rs. [•] for cash aggregating Rs. 150.02 Lacs is by way of firm allotment to promoters of the company. Balance [•] Equity Shares of Rs. 10/- each at the Issue Price of Rs. [•] for cash aggregating Rs. 2016.00 Lacs is Net Public Issue. Details of the issue structure are tabulated below:

	QIBs	Non Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	[•]	[•]	[•]
Percentage of issue Size available for allocation	Atleast 50% or net public issue size less allocation to non – institutional Bidders and Retail individual Bidders of which 5% i.e. [•] Equity Shares are reserved for Mutual Funds and the balance will be available for all QIBs including Mutual Funds	Up to 15% or net public issue size less allocation to QIBs and Retail individual Bidders	Minimum 35% or net public issue size less allocation to QIBs and Non-Institutional Bidders.
Basis of Allocation or allotment if respective category oversubscribed	Proportionate	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares and in multiples of [•] Equity Share thereafter, that the Bid Amount exceeds Rs. 1 Lac	Such number of Equity Shares and in multiples of [•] Equity Share thereafter, that the Bid Amount exceeds Rs. 1 Lac	[•] Equity Shares and thereafter in multiples of [•] Equity Shares
Maximum Bid	Not exceeding the size of the issue subject to applicable limits	Not exceeding the size of the issue	Such number of Equity Shares whereby the Bid Amount does not



			exceed Rs.1,00,000
Allotment Mode	Compulsory in Dematerialized form	Compulsory in Dematerialized form	Compulsory in Dematerialized form
Trading Lot/ Market Lot	One Equity Share	One Equity Share	One Equity Share
Bidding Lot	[•]	[•]	[•]
Who can Apply	Public financial institutions as specified in Section 4A of the Companies Act, FIIs registered with SEBI, scheduled commercial banks, mutual funds registered with SEBI multilateral and bilateral development Financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 25 crores and pension funds with minimum corpus of Rs. 25 crores.	Companies, corporate bodies, scientific institutions societies and trusts Resident Indian individuals, HUF (in the name of Karta) and NRIs (applying for an amount exceeding Rs.1,00,000 amount)	Individuals (including NRIs and HUFs) applying for an amount up to Rs.1,00,000
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate	Margin Amount applicable to non-institutional Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate
Margin Amount	10%	Full Bid Amount on Bidding	Full Bid Amount on Bidding



ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process under clause 2.2.2 of SEBI (DIP) Guidelines, 2000, wherein mandatory 50% of the Net Issue to the public shall be allotted on a proportionate basis to QIBs (with 5% thereof reserved for Mutual Funds). Further, not less than 35% shall be available for allocation on a proportionate basis to the Retail Individual Bidders and not less than 15% shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price within the price band.

Bidders are required to submit their Bids through the members of the Syndicate. The Company, in consultation with the BRLMs, reserves the right to reject any Bid procured by any or all members of the Syndicate without assigning any reason thereof from QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares will be allotted to successful Bidders only in the dematerialized form. Bidders will not have the option of allotment of equity shares in physical form. The equity shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Illustration of Book Building and Price Discovery Process (*Investors should note that the following is solely for the purpose of illustration and is not specific to the Offer*)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs.20 to Rs.24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book as shown below shows the demand for the shares of the Company at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative Equity Shares bid for	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
1500	22	3000	100.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs. 22 in the above example. The issuer, in consultation with the BRLMs will finalise the issue price at or below such cut off price i.e. at or below Rs.22/-. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Bid-cum-Application Form

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

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



Category	Colour of Bid cum Application Form
Indian public	White
Non-residents including FIIs, Foreign Venture Capital Fund/ Multilateral and Bilateral Development Financial Institutions applying on repatriation basis	Blue

Who can Bid?

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Companies and corporate bodies not having majority ownership and control of persons resident outside India and societies registered under the applicable laws in India and authorized to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations, as applicable);
6. Venture Capital Funds registered with SEBI;
7. Foreign Venture Capital investors registered with SEBI;
8. State Industrial Development Corporations;
9. Multilateral and bilateral development financial institutions;
10. Insurance companies registered with the Insurance Regulatory and Development Authority;
11. Provident funds with minimum corpus of Rs. 2,500 Lacs and who are authorized under their constitution to hold and invest in Equity Shares;
12. Pension funds with minimum corpus of Rs. 2,500 Lacs and who are authorized under their constitution to hold and invest in Equity Shares;
13. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts/ society and who are authorized under their constitution to hold and invest in Equity Shares; and
14. Eligible NRIs and other Non Residents including FIIs on a repatriation basis or non-repatriation basis subject to applicable laws; and
15. Scientific and/ or Industrial Research Organizations authorized to invest in Equity Shares.

Pursuant to the existing Regulations, OCBs are not eligible to participate.

Note: The BRLMs, Syndicate Members and any associate of the BRLMs and Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary, unless otherwise permitted by SEBI. Further, the BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.

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

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No mutual fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights. Further, bidders may bid as per the limits prescribed above.

As per current regulations, the following restrictions are applicable for investment by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company (i.e. 10% of [•] Equity Shares). In respect of an FII investing in Equity Shares of the Company on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company or 5% of the total issued capital in case such sub-account is a foreign corporate or an individual.



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

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital) Regulations, 2000 prescribe investments restriction on the venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, holding in the Company by any individual venture capital fund or foreign venture capital investors registered with SEBI should not exceed 25% of Company's paid-up capital.

The aggregate holdings of venture capital funds and foreign venture capital investors registered with SEBI could, however, go up to 100 % of our Company's paid-up equity capital.

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

Maximum and Minimum Bid Size:

- a. **For Retail Individual Bidders:** The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, subject to maximum Bid amount of Rs.1,00,000/-. In case the maximum Bid amount is more than Rs.1,00,000/- due to revision of the Bid or revision of the Price Band or on exercise of the option, then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders indicating their agreement to bid and purchase the equity shares at the final Issue Price as determined at the end of the Book Building Process.
- b. **For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. **Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.** In case of revision of bids, the Non-Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision in the price band, the same would be considered for allocation under the Retail portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at 'cut-off'.

Information for the Bidders

1. The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/ Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. An investor (who is eligible to invest in the Equity Shares according to the terms of this Draft Red Herring Prospectus and applicable law) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from the corporate office or from any of the members of the Syndicate.
4. Investors who are interested in subscribing for the Company's equity shares should approach any of the members of the Syndicate or their authorised agent(s) to register their Bid.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms that do not bear the stamp of the members of the Syndicate will be rejected.

Bidding Process

1. The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement shall be in the format and contain the disclosures



specified in Part A of Schedule XX-A of the SEBI Guidelines. The BRLMs and Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement

2. The Bidding Period shall be open for at least 3 working days and not more than 7 working days. In case the Price Band is revised, the revised Price Band and the Bidding Period also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding ten working days.
3. During the Bidding Period, the Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the bids.
4. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” on page [●] of this Draft Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of equity shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of equity shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the bid price, will become automatically invalid.
5. The Bidder cannot bid on another Bid cum Application Form after Bids on one Bid cum Application Form has been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of equity shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed in the paragraph “Build up of the Book and Revision of Bids” on page [●] of this Draft Red Herring Prospectus.
6. The members of the Syndicate will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip (TRS) for each price and demand option and give the same to the Bidder. Bidders should make sure that they ask for a copy of the computerized TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph “Terms of Payment and Payment into Escrow Account” on page [●] of this Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. [●] to Rs. [●] per equity share, Rs. [●] being the floor of the Price Band and Rs. [●] being the cap of the Price Band. The Bidders can bid at any price within the Price Band, in multiples of Re. 1.
2. The Company, in consultation with the BRLMs, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Draft Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Marathi) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate.
4. The Company, in consultation with the BRLMs, can finalise the Issue Price within the Price Band without the prior approval of, or intimation, to the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of equity shares at a specific price. Retail Individual Bidders may bid at “Cut-off”. However, bidding at “Cut-off” is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.



6. Retail Individual Bidders who bid at the Cut-Off agree that they shall purchase the equity shares at the Issue Price, as finally determined which will be a price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit in the Escrow Account the Bid Amount based on cap of the Price Band. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders (i.e., the total number of equity shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account/ Refund Account(s).
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-Off could either (i) revise their bid or (ii) make additional payment based on the Cap of the Revised Price Band, with the member of the Syndicate to whom the original bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 1,00,000, the bid will be considered for allocation under the Non-Institutional Portion in terms of the Draft Red Herring Prospectus. If, however, the bidder does not either revise the bid or make additional payment and the Issue Price is higher than the Cap of the Price Band prior to revision, the number of shares bid for shall be adjusted for the purpose of allocation, such that no additional payment would be required from the Bidder and the bidder is deemed to have approved such revised bid at cut-off price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account/ Refund Account(s).
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be within the range of Rs. 5,000 to Rs, 7,000. The issuer company, in consultation with the merchant banker, shall stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range of minimum application value.

Option to Subscribe

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only. Bidders will not have the option of getting Allotment in physical form. The Equity Shares, on Allotment, shall be traded only in the dematerialised segment of the Stock Exchanges.

Escrow Mechanism

Escrow Account

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

The Bidders shall note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), the Company, the Registrar to the Issue, the BRLM and the Syndicate Members to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

In case of Non-institutional Bidders and Retails Individual Bidders, each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions on page []) and submit the same to the members of the Syndicate with whom the Bid is being deposited. Bid cum Application Forms accompanied by cash and Stock invest shall not be accepted. The maximum bid price has to be paid at the time of



submission of the Bid cum Application Form based on the highest bidding option of the Bidder. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund Account with the Bankers to the Issue, as applicable. The balance amount after transfer to the Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and not later than 15 days from the Bid Closing Date / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment to the Bidders.

In case of QIBs, each QIB shall, with the submission of the bid-cum-application from draw a cheque or demand draft for 10% of the maximum amount of his bid in favour of the Escrow account of the Escrow collection bank. The balance amount shall be payable for the allocated Equity Shares no later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the members of the Syndicate by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected and the margin amount will be refunded. Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which and the Company shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids:

1. The members of the Syndicate will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city where a Stock Exchange Centre is located in India, and where Bids are accepted.
2. BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid Closing Date, the Company will upload the Bids until such time as permitted by the Stock Exchanges.
3. BSE and NSE will download the aggregate demand and price for bids registered on their electronic facilities on a regular basis, consolidated and displayed on-line at all bidding centers. **A graphical representation of the consolidated demand and price would be made available at the bidding centers during the bidding process.**
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.);
 - Investor Category - Individual, Corporate, NRI , FII or Mutual Funds, etc.;
 - Numbers of equity shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether payment is made upon submission of Bid cum Application Form; and
 - Depository Participant Identification number and Client Identification number of the demat account of the Bidder.
5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the equity shares shall be allocated either by the members of the Syndicate or the Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. The members of the Syndicate shall have the right to review the bid. In case of QIB Bidders, the members of the Syndicate also have the right to accept the Bid or reject it without assigning any reason. In case of Bids under the



Non-Institutional Portion and Bids under the Retail Portion, Bids would not be rejected except on the technical grounds listed in this Draft Red Herring Prospectus.

8. It is to be distinctly understood that the permission given by the BSE and the NSE to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company or the BRLM are cleared or approved by the BSE or the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, Promoters, management or any scheme or the Company's project.
9. It is also to be distinctly understood that the approval given by the BSE and the NSE should not in any way be deemed or construed to mean that the Draft Red Herring Prospectus has been cleared or approved by the BSE and the NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the equity shares will be listed or will continue to be listed on the BSE and the NSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the BSE or NSE mainframe on an on-line basis. Data would be uploaded on a regular basis.
2. The Price Band can be revised during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding ten working days. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in this Draft Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper (Marathi) and by indicating the change on the relevant websites and the terminals of the members of the Syndicate.
4. The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis.
5. During the Bidding Period, any Bidder who has registered an interest in the equity shares at a particular price level is free to revise his/ her Bid within the Price Band using the printed Revision Form which is a part of the Bid cum Application Form.
6. Revisions can be made in both the desired number of equity shares and the Bid price by using the Revision Form. The Bidder must complete the details of all the options in the Bid cum Application Form or earlier Revision Form and revisions for all the options as per the Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form or the earlier Revision Form and is changing only one of the options in the Revision Form, the Bidder must still complete the details of the other two options, that are not being revised in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
7. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the earlier Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.
8. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Red Herring Prospectus. In the case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidder.
9. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of having revised the previous Bid.**



10. In case of a discrepancy of data between BSE and NSE and the members of the Syndicate, the decision of the BRLMs based on the physical records of the Bid cum Application Form shall be final and binding to all concerned.

Price Discovery And Allocation

1. After the Bid/Issue Closing Date, the BRLMs shall analyse the demand generated at various price levels and discuss pricing strategy with the Company.
2. The allocation for QIBs for at least 50% of the Net Issue to the Public Size would be proportionate (including 5% for Mutual Funds). The allocation to Non-Institutional Bidders would not be less than 15% of the Net Issue to the Public Size, and allocation to Retail Individual Bidders will not be less than 35% of the Net Issue to the Public Size. Allocation to Non-Institutional Bidders, Retail Individual Buyers and to the Employees of the Company would be made on proportionate basis, subject to the valid bids being received at or above the Issue Price.
3. Undersubscription, if any, in any category (other than the allocation to QIBs portion), would be allowed to be met with spill over from any of the other categories, at the sole discretion of the Company, in consultation with the BRLMs.
4. Allocation to QIBs, eligible Non-Residents, FIIs and NRIs applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for allotment of equity shares to them.
5. The BRLMs, and the Company, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders where the full Bid Amount has not been collected from the Bidders.
6. **The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date without assigning any reason therefor.**

Signing of Underwriting Agreement and RoC Filing

1. The Company, the BRLMs, and the other members of the Syndicate shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
2. After the Underwriting Agreement is signed among the Company, the BRLM, and the other members of the Syndicate, the Company will file the Red Herring Prospectus with the RoC, which would then be termed 'Prospectus'. The Prospectus would have details of the Issue Price, size of the Issue, underwriting arrangements and would be complete in all material respects.

Advertisement Regarding Issue Price and Prospectus

The Company will issue a statutory advertisement after the filing of the Prospectus with the RoC in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement, in addition to the information (in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines), that has to be set out in the statutory advertisement shall indicate the Issue Price along with a table showing the number of Equity Shares. Any material updates between Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

1. The BRLMs or Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated equity shares in the Issue.
2. The Members of the Syndicate would send the CAN to their Bidders who have been allocated equity shares in the Issue. The despatch of a CAN shall be deemed to be valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the equity shares allocated to such Bidder. Those Bidders who have not paid the full Bid Amount into the Escrow Account on or prior to the time of bidding shall pay the full amount into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
3. Bidders who have been allocated equity shares and who have already paid the full Bid Amount into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be a



deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the equity shares allotted to such Bidder.

Designated Date and Transfer of Funds to Public Issue Account

1. The Company will ensure that the allotment of Equity shares is done within 15 days of the Bid Closing Date/ Issue Closing Date. After the funds are transferred from the Escrow Account to the Issue Account on the Designated Date, the Company would ensure allotment of the Equity Shares to the allottees within two working days of the finalisation of the date of allotment.
2. On the Designated Date, successful Bidders will receive credit for the equity shares directly in their depository account. **Equity shares will be allotted only in the dematerialised form to the allottees.** Successful Bidders will have the option to re-materialise the equity shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
3. Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.
4. After the funds are transferred from the Escrow Account to the Public issue Account on the Designated Date, we would allot the Equity Shares to the allottees. We would ensure the allotment of Equity Shares within 15 days of Bid / Issue Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment. In case we fail to make allotment within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

General Instructions

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete appropriate Application Form;
- Ensure that you Bid only in the Price Band;
- Ensure that the DP account is activated;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as there will be no allotment of equity shares in physical form;
- Ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
- Ensure that you have collected a TRS for all your Bid options; and submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.
- Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- Ensure that you mention your Permanent Account Number (PAN) allotted under the I.T. Act where the maximum Bid for Equity Shares by a Bidder is for a total value of Rs. 50,000 or more and attach a copy of the PAN Card and also submit a photocopy of the PAN card(s) or a communication from the Income Tax authority indicating allotment of PAN along with the application for the purpose of verification of the number, with the Bid cum Application Form. In case you do not have a PAN, ensure that you provide a declaration in Form 60 prescribed under the I.T. Act along with the application.; and
- Ensure that the Demographic Details (as defined hereinbelow) are updated, true and correct in all respects.

**Don'ts:**

- Do not Bid for lower than the minimum Bid size;
- Do not Bid/ revise the Bid to a price that is less than the floor of the Price Band or higher than the cap of the Price Band;
- Do not Bid on another Bid cum Application Form after you have submitted the Bid to the members of the Syndicate;
- Do not pay the Bid Amount in cash;
- Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- Do not Bid at Cut-off price if you are a Non-Institutional Bidder or a QIB bidder;
- Do not fill up the Bid cum Application Form for an amount that exceeds the investment limit or maximum number of equity shares that can be held by a Bidder under applicable law.
- Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the members of the Syndicate.

Bids and Revision of Bids

Bids and revision of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and NRIs applying on non-repatriation basis, blue colour for NRIs or FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis).
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form as incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. For Retail Individual Bidders, the Bids must be for a minimum of [●] equity shares and in multiples of [●] thereafter subject to a maximum Bid Amount of Rs. 1,00,000.
4. For Non Institutional and QIB Bidders, Bids must be for a minimum of such number of equity shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] equity shares thereafter. Bids cannot be made for more than the size of the Issue. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of equity shares that can be held by them under applicable laws.
5. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
6. Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Bank Details

The name of the sole or first Bidder's bank, branch, type of account and account numbers must be mandatorily completed in the Bid cum Application Form. This is required for the Bidder's own safety so that these details can be printed on the refund orders. These bank account details should be the same as those mentioned in the Bidder's depository account, as those details will be printed on the refund orders. Bid cum Application Forms without these details are liable to be rejected. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Company shall have any responsibility and undertake any liability for the same. It is the Bidder's responsibility to ensure that the details of the Bidder's depository account are correct.



Bidders Depository Account Details

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

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

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

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

By signing the Bid cum Application Form the Bidder would have deemed to authorized the depositories to provide, upon request, to the registrar of the issue, the required demographic details as available on its records. Refund orders/Allocation Advice/CANs would be mailed at the address of the bidder as per the demographic details received from the depositories. Bidders may note that delivery of Refund orders/Allocation Advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, address and other details given by the Bidder in the Bid cum Application form would be used to ensure despatch of refund orders. Please note that any such delay will be at the Bidders sole risk and neither the Bank nor the BRLMs shall be liable to compensate the Bidder for any such losses caused to the bidder due to any such delay or liable to pay any such interest for such delay.

In case no corresponding record is available with the depositories that match these parameters, namely, names of the bidders (including the order of names of joint holders), the Depository Participants Identity (DP ID) and the beneficiary's identity and then such bids are liable to be rejected.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Articles of Association and/or bye laws must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

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

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

In case of Bids made by provident funds with minimum corpus of Rs. 2,500 Lacs and pension funds with minimum corpus of Rs.2,500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the



provident fund/ pension fund must be lodged along with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In case of Bids made by mutual funds registered with SEBI, Venture Capital Fund registered with SEBI and Foreign Venture Capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case without assigning any reason.

The Company, in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions as the Company and BRLMs may deem fit.

Bids by Non Residents, NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI on a Repatriation Basis:

NRI, FIIs and Foreign Venture Capital funds Bidders to comply with the following:

- a) Individual NRI Bidders can obtain the Bid cum Application Forms from the Company's Administrative office at 1-7-297/18, above Godrej Show Room, 125 MG Road, Secunderabad: 500 003 or from members of the Syndicate or the Registrar to the Issue.
- b) NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channels shall be considered for allotment.
- c) NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid Cum Application form meant for Resident Indians (white in colour).

Bids and revision to Bids must be made:

- a) On the Bid-cum-Application Form or the Revision Form, as applicable, (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- b) In a single name or joint names (not more than three).
- c) By NRIs – For a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid amount of Rs 1,00,000 for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs 1,00,001 would be considered under Non Institutional Category for the purposes of allocation. For further details see "Maximum and Minimum Bid Size" on page [•].
- d) By FIIs – for a minimum of such number of Equity Shares and in multiples of [•] that the Bid Amount exceeds Rs. 1,00,000. For further details see section titled "Maximum and Minimum Bid Size" on page [•].
- e) In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCB's.
- f) Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Non Residents, FIIs and Foreign Venture Capital Funds and all Non Residents, FII and Foreign Venture Capital Funds applicants will be treated on the same basis with other categories for the purpose of allocation. The allotment of equity shares to Non-residents shall be subject to the conditions as may be prescribed by the Government of India, Ministry of Finance and Company Affairs (Department of Economic Affairs) and the RBI while granting such permission.



Payment Instructions

The Company shall open an Escrow Account with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form.

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

Payment into Escrow Account of the Company

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account of the Company and submit the same to the members of the Syndicate.
2. In case the above margin amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the equity shares allocated to the Bidder or the balance amount shall be paid by the Bidders into the Escrow Account of the Company within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the BRLMs.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
 - a. In case of Resident Bidders: **“Escrow Account — ABPL Public Issue”**
 - b. In case of Non Resident Bidders: **“Escrow Account – ABPL Public Issue -NR”**

In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by Bank Certificate confirming that the draft has been issued by debiting to NRE or FCNR Account.

In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.

4. Where a Bidder has been allocated a lesser number of equity shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the equity shares allocated, will be refunded to the Bidder from the Escrow Account of the Company.
5. The monies deposited in the Escrow Account of the Company will be held for the benefit of the Bidders till the Designated Date.
6. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account of the Company as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.

No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

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

Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of bid money has been withdrawn. Hence, payment through stockinvest would not be accepted in this issue.



Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid cum Application Form unless waived by a member of the Syndicate at its sole discretion.

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

Other Instructions

Joint Bids In The Case Of Individuals:

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

Multiple Bids:

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

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

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

PAN or GIR Number

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



Company Right to Reject Bids

The Company and the members of the Syndicate reserve the right to reject any Bid without assigning any reason therefor in case of QIBs. In case of Non Institutional Bidders and Retail Individual Bidders, the Company has the right to reject Bids only on technical grounds. Consequent refunds will be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

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

1. Amount paid does not tally with the amount payable for the highest value of equity shares bid for;
2. Bank account details (for refund) are not given;
3. Age of First Bidder not given;
4. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
5. PAN photocopy/ PAN Communication/ Form 60/Form 61 declaration not given if Bid is for Rs.50,000 or more;
6. Bids for lower number of equity shares than specified for that category of investor;
7. Bids at a price less than the floor of the Price Band and higher than the cap of the Price Band;
8. Bids at cut-off price by a QIB or a Non Institutional Bidder;
9. Bids for number of equity shares which are not multiples of [●];
10. Category not ticked;
11. Multiple Bids;
12. In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
13. Bid cum Application Form does not have the stamp of a member of the Syndicate;
14. Bid cum Application Form does not have the Bidder's depository account details, including as specified below;
15. Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/ Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid cum Application Form;
16. In case no corresponding record is available with the Depository that matches three parameters; name of bidder (including sequence of names of joint holders), depository participant identification number and beneficiary account number.
17. Bids by OCBs.
18. Bids by US residents or US persons other than "Qualified Institutional Buyers" as defined in Rule 144A of US Securities Act of 1933.
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations (see the details regarding the same at page [●] of this Draft Red Herring Prospectus); or
20. Bids not duly signed by the sole/joint Bidders.
21. In case of partnership firms, shares may be registered in the names of the individual partners and no firm as such, shall be entitled to apply;
22. Bids accompanied by Stockinvest/money order/postal order/cash.

Equity Shares in Dematerialised Form with NSDL or CDSL

In terms of Section 68B of the Companies Act, the equity shares in this Issue shall be allotted/transferred only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode). The Company has already entered into Tripartite Agreements with CDSL and NSDL dated [●]and [●] respectively.



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

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

Communications

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

The Investors can contact the Compliance officer in case of any pre-issue or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.

Letters of Allotment or Refund Orders:

The Company shall ensure dispatch of allotment advice or refund orders and giving of benefit to the Beneficiary Account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of **finalisation of the basis of allotment of equity shares**. The Company shall ensure the dispatch of refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and dispatch of refund orders above Rs. 1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

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

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

- Allotment of equity shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;
- It would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and
- It shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above.
- It will provide adequate funds to the Registrar to the Issue for dispatch of refund orders or allotment advice. Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by the Company as a



refund banker and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

The company shall provide adequate funds required to the Registrar to the Issue for dispatch of refund orders or allotment advice. Refunds will be made by cheque, pay orders or demand drafts drawn on a bank appointed by us as a refund banker and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

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

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A 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."

Interest on Refund of Excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received by the company if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter no. F-8/6/SE/79 dated July 21, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Basis of Allotment

A. For Retail Individual Bidders:

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less allotment to Non-Institutional Bidders and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to [•] Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum bid/ application size of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.

B. For Non-Institutional Bidders:

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [•] Equity Shares at or above the Issue Price, full allotment shall be made to Non-Institutional Bidders to the extent of their demand.



- In case the aggregate demand in this category is greater than [•] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

C. For QIB Bidders:

- At least 50% of the Net Issue to the Public i.e. [•] shares shall be allotted to QIBs, of which 5% is reserved to Mutual Funds i.e. [•] Equity Shares and balance shares will be available for allocation to all QIBs including Mutual Funds on proportionate basis.
- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Bidders and Retail Individual Bidders shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

Procedure and Time Schedule for Allotment of equity shares

The Company reserves, at its absolute and uncontrolled discretion and without assigning any reason thereof, the right to accept or reject any Bid in whole or in part. In case a Bid is rejected in full, the whole of the Bid amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. The Company will ensure allotment of equity shares within 15 days from the Bid/Issue Closing Date. The Company shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if allotment is not made, refund orders are not dispatched and/or demat credits are not made to investors within two working days from the date of allotment.

Method of proportionate basis of allocation in the Retail and Non-Institutional Portions:

In the event of the Issue being over-subscribed, the basis of allotment to Retail and Non Institutional Bidders shall be finalized by the company, in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of allotment is finalized in a fair and proper manner. The allocation shall be made in multiples of one share, on a proportionate basis as explained below subject to minimum allocation being equal to [•].

- a) The subscription in the Retail and the Non-Institutional portion will be computed separately.
- b) Bids which are eligible for pure proportionate allotment as provided in the SEBI (DIP) Guidelines, 2000 shall be those which have applied for a minimum shares arrived at by multiplying the minimum shares to be allotted by the number of time the category is subscribed. Allotment to such bidders will be calculated as shares applied for divided by the number of time the category is subscribed.
- c) If the pure proportionate allotment to a Bidder is a number that is more than minimum allotment lot but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. All Bidders in such categories would be allotted Equity Shares arrived at after such rounding off.
- d) The balance of the bids will be those, which will not be directly entitled for allotment of minimum shares. Such bidders will be allotted shares by a drawal of lots in a fair manner to ensure that each successful bidder (determined by drawal of lot) gets the minimum number of shares to be allotted.
- e) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Despatch of Refund Orders

The Company shall ensure despatch of refund orders of value over Rs. 1,500/- by registered post/speed post only and adequate funds for the purpose shall be made available to the Registrars by the Company.



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

The Company agrees that allotment of securities offered to the public shall be made not later than 15 days of the closure of public issue. The company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the applicants within 15 days from the date of the closure of the issue.

Undertaking by the Company

The Company undertakes as follows:

- a. that the complaints received in respect of this Issue shall be attended to by it expeditiously and satisfactorily;
- b. that the Company shall take all steps for the completion of the necessary formalities for listing and commencement of trading at BSE and NSE, where the equity shares are to be listed within seven working days of finalisation of the basis of allotment;
- c. that the Company shall take all steps to ensure that the dispatch of refund orders and demat credit is completed and the allotment and listing documents submitted to stock exchanges within seven working days of finalization of basis of allotment;
- d. that the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by it;
- e. that the refund orders or allotment advice to the NRIs or FIIs shall be dispatched within the specified time; and
- f. that no further Issue of equity shares shall be made until the equity shares offered through this Draft Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under-subscription, etc.

Utilisation of Issue Proceeds

The Board of Directors of the Company certifies that:

- a. all monies received out of the Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- b. details of all monies utilised out of Issue referred to above shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the purpose for which such monies have been utilised; and
- c. details of all unutilised monies out of the Issue, if any, referred to above shall be disclosed under an appropriate separate head in the Balance Sheet of the Company indicating the form in which such unutilised monies have been invested.
- d. The Company shall not have any recourse to the Issue proceeds until approval for the trading of equity shares from all the stock exchanges where listing is sought is received.
- e. Pending utilisation of net proceeds of the Issue as specified under the section "Objects of the Issue" the net proceeds will be invested by the Company in high quality interest bearing liquid instruments including but not limited to deposits with banks for the necessary duration.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the industrial policy of Government of India, or the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The government bodies responsible for granting foreign investment approvals are the Foreign Investment Promotion Board of the Government of India ("FIPB") and the Reserve Bank of India ("RBI").

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public Issue without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents.



The transfer of Equity Shares of NRIs, FIIs, Foreign Venture Capital Investors registered with SEBI and Multilateral and Bilateral Development Financial institutions shall be subject to the conditions as may be prescribed by the government of India or RBI while granting such approvals.



SECTION:IX: DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

A. RIGHTS OF MEMBERS

The Equity Shareholders shall have the following rights:

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

B. MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY:

The Articles of Association of the Company *inter alia* including following clauses:

MAIN PROVISION OF ARTICLES OF ASSOCIATION

Capitalised terms used in this Section have the meaning that has been given to such term in the Articles of Association of our Company. Pursuant to Schedule II of the Company Act and the SEBI Guidelines, the main provisions of the Articles of Association of our Company are as follows.

Authorised Share Capital

3. The Authorized share capital of the company shall be such amount and be divided into such shares as may from time to time be provided under clause No.(V) of the Memorandum of Association of the Company.

Power to Issue Preference Shares

4. a) Subject to the provisions of section 80 of the act the company shall have the power to issue by special resolution preference shares/convertible preference shares which at the option of the Company are liable to be redeemed/converted and the redemption/conversion of preference share hereunder may be effected in accordance with the terms and conditions of their issue and failing that in such manner as the Directors may think fit.
- b) On the issue of preference shares under the provisions of article 11 (a) hereof the following provisions shall take effect.
- 1) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.
 - 2) No such shares shall be redeemed unless they are fully paid.
 - 3) The premium, if any payable on redemption shall have been provided for out of the profits of the company or out of the companies share premium account before the shares are redeemed.
 - 4) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue there shall out of profits which could otherwise have been available for dividend be transferred to a reserve fund to be called the capital redemption reserve account a sum equal to the nominal amount of the share redeemed and the provisions of the act relating to the reduction of the share capital of the company shall except as provided in section 80 of the act, apply as if the capital redemptions reserve account were paid up share capital of the Company.
- c) Subject to the provisions of section 100 to 105 (both inclusive Board) may accept from any member on such terms and conditions as shall be agreed a surrender of all or any of his shares or may buy back such shares as may be permitted.

Board to Allot Shares

5. Subject to the provisions of the Section 81 of the Act and these Articles, the Shares in the capital of the Company for the time being shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or



at par or (Subject to the compliance with the provisions of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully to be fully paid shares provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the general meeting.

Further issue of capital

6. I. The Board may at any time increase the subscribed capital of the company by issue of new shares out of the unissued part of the share capital in the original or subsequently created but subjective section 81, of the Act, and subject to the following conditions namely:
- (a) Such further shares shall be offered to the person who at the date of the offer are holders of the equity shares of the company in proportion, as nearly as circumstances admit, to the capital paid up on those shares at that date.
 - (b) The offer aforesaid shall be made by notice specifying the number of shares offered and limiting a time not being less than twenty days from the date of the offer within which the offer not accepted will be deemed to have been the declined.
 - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned or renounce, the shares offered to him, or any of them in favour of any other person and the notice referred to in clause (b) shall contain a statement of this right.
 - (d) After the expiry of the time specified in the notice aforesaid or in respect of earlier intimation from the person to whom such notice is given, that he declines to accept the shares offered, the Board may dispose of them in such manner as it thinks most beneficial to the Company.
 - (e) That an option or right to call of shares shall not be given to any person(s) except with the sanction of the Company in General Meeting.

II. RESTRICTION ON ALLOTMENT

a. The Directors shall in making the allotments duly observe the provisions of the Act.

- b. The amount payable on application each share shall not be less than 5% of the nominal value of the share
- c. Nothing therein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company.

III Rights to Convert Loans into Capital

Nothing in this article shall apply

- a. To increase of the subscribed capital of the company caused by the exercise of an option attached to debentures issued or loans raised by the company.
- b. To convert such debentures or loans into shares in the company or.
- c. To subscribe shares in the company, provided that the terms of issue of such debentures or the terms of such loans include a term provided for such option and such term.

- (i) Has been approved by a special resolution passed by the company in general meeting before the issue of debentures or the raising of the loans; and
- (ii) Either has been approved by the central government before the issue of the debentures of raising the loans or is in conformity with the rules if any, made by the Government in this behalf.

IV. Power to issue shares with Non-voting and disproportionate Rights.



- i). Notwithstanding anything contained in any other Article, but subject to the provisions of the Companies Act, 1956 or any statutory modification or re-enactment thereof, the Company may from time to time and at any time issue to any person(s) as it may deem proper, Shares whether Equity, sweat, Preference or any other class, or any other Financial Instruments or Securities, by whatever name called, with non-voting rights or issue Shares/Instruments/Securities carrying rights as to voting, dividend, capital or otherwise which may be disproportionate to the rights attached to the other shares or securities of the company.
- ii). The Board of Directors of the Company shall exercise the powers contained in this Article only after necessary provision(s) for the purpose is/are incorporated in the Companies Act, 1956 or any statutory modification or re-enactment thereof and in such manner and after complying with the conditions prescribed in such provisions and not otherwise.

Allotment of shares for consideration other than cash

7. The Directors may allot and issue shares on full payment or on part payment for any property sold or transferred, goods or machinery supplied or for services rendered to the company in or about the information or promotion of the company, or the conduct of its business and any shares and if so issued, so allotted, may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid up shares.

Variation of rights

8. To every such separate General Meeting the provisions of these articles relating to General Meeting shall mutatis mutandis apply, but so that the necessary quorum shall be two person's atleast holding or representing by proxy one tenth of the issued of that class.
- i) To every such separate General Meeting the provisions of these articles relating to General Meeting shall mutatis mutandis apply, but so that the necessary quorum shall be two person's atleast holding or representing by proxy one tenth of the issued of that class.

Issue of further shares shall not affect rights of shares already issued

9. The rights conferred upon the holder of any class issued with preferred or other rights shall not unless otherwise, expressly provided for the terms of the issue of shares of that class be deemed to be varied by the creation of further shares rank up pari pasu therewith.

Power to pay commission

10. The Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures, or debenture stock of the company procuring or agreeing to procure subscription (whether absolutely or conditionally) for shares, debentures or debenture stock of the company but so that if the commission in respect of shares shall be paid or payable out of the capital, the statutory conditions and requirements shall be observed and complied with and the amount or rate of commission shall not exceed 5% of the price at which shares are issued and in the case of debenture, the rate of commission shall not exceed, two and half percent at which the debentures are issued.

The commission may be satisfied by the payment of cash or the allotment of fully paid or partly paid shares or partly in one way and partly in the other. The company issue of such shares or brokerage as may be lawful.

Liability of Joint holders

11. The joint holders of a share or shares shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share or shares.

Who may be registered

12. Shares may be registered in the name of any person, joint holders or any limited company and not more than four persons shall be registered as joint holders of any shares.

Trust not recognized



13."Save as herein otherwise provided, the company shall be entitled to treat the person whose name(s) appears on the Register of Members/Debentures as the holder of any shares/Debentures in the records of the company and or in the records of the Depository as the absolute owner thereof and accordingly shall not(except as may be ordered by a court of competent jurisdiction or as may be required by law) be bound to recognise any benami trust or equitable, contingent, future or other claim or interest or partial interest in any such shares on the part of any other person , or any right in respect of a share other than an absolute right thereto on the part of any other person whether or not it shall have express or implied notice thereof, but the Board shall be at liberty and its sole discretion decide to register any shares/Debentures in the joint names of any two or more persons or the survivor or survivors of them."

TO RECOGNISE INTEREST IN THE SECURITIES OTHER THAN THAT OF REGISTERED HOLDERS

14 A)"The Company or the investor may exercise an option to issue, deal in, hold the securities (including Shares) with the Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which events the rights and obligations of the parties concerned and matters connected therewith or incidental thereto, shall be governed by the provisions of the Depositories Act, 1996."

POWER TO DEMATERIALISE AND REMATERIALISE

B)"The company shall be entitled to dematerialise its existing Equity Shares and other securities and rematerialise it such shares and other securities held by it with the Depository and/or offer it fresh shares and other securities in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules framed thereunder, if any."

OPTIONS FOR DEPOSITORS

C)"Every person subscribing to or holding securities of the company shall have the option to receive security/certificates or to hold the securities with a Depository. A Beneficial Owner of any security can at any time opt out of a Depository, if permitted by law, in manner provided by the Depositories Act, 1996 and the company shall, in manner and within the time prescribed, issue to the Beneficial Owner the required certificates of securities".

SECURITIES IN DEPOSITORIES AND BENEFICIAL OWNER

D)"All Securities held by a Depository shall be dematerialised and be in fungible form, Nothing contained in sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners."

RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNER

E(a)"Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of security on behalf of the Beneficial Owner.

(b)Save as otherwise provided in (a) above, the Depository as the Registered owner of the securities shall not have voting rights or any other rights in respect of the securities held by it.

(c)Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be Member of the Company. The Beneficial Owner of the securities shall be entitled to all the rights and benefits and be subject to all liabilities attached to such of his securities which are held by a Depository.

(d)Notwithstanding anything contained in this Article, where Securities are dealt with in a Depository, the Company shall intimate the details of allotment of Securities to Depository immediately on allotment of such securities.

(e)Where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or disks."

REGISTER AND INDEX OF MEMBERS

5(F)"The company shall cause to be kept at its Registered Office or at such other place as may be decided, Register and Index of Member in accordance with section 150 & 151 and other applicable provisions of the Act and the



Depositories Act, 1996 with the details of shares held in physical and dematerialised form in any media as may be permitted by law including in any form of electronic media."

The Register and Index of Beneficial Owners maintained by Depository under section 11 of the Depositories Act, 1996 shall also be deemed to be the Register and Index of Member for the purpose of this Act. The Company shall have the power to keep in any state or country outside India, a Register of Members for the residents in that state more country. Acceptance of shares

16. An application signed by or on behalf of the applicant for shares in the company followed by an allotment of any shares therein shall be the acceptance of the shares within the meaning of the articles, and every person who thus or otherwise accepts any shares and whose name is in the Register of Shareholders shall, for the purpose of these Articles, be a shareholder.

Members rights to share certificate

17. Every person whose name is entered as a member in the Register shall be entitled to receive without payment.

(a) One certificate for all his shares; or

(b) Share certificates shall be issued in marketable lots. Where share certificates are issued for either more or less than marketable lots subdivision/ consolidation into market lots shall be done free of charge.

II. The Company shall within two months of the closure of the issue and within one month after application for registration of the transfer of any shares or debentures completed and have ready for delivery, the share certificates for all the shares and debentures so allotted or transferred unless the conditions of the issue of the said shares otherwise provide.

III. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid up thereon.

IV. The certificate of title to shares and duplicates thereof when necessary, shall be issued under the seal of the company and signed by two Directors and the Secretary of the Company.

One Certificate for Joint holders

18. In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate for the same share and the delivery of a certificate for the share or shares to one of several joint holders shall be sufficient delivery to all such holders. Subject to as aforesaid, where more than one share is so held, the joint holders shall be entitled to apply jointly for the issue of several certificates in accordance with Article 20 below.

Renewal of certificates

19. If a certificate be worn out, defaced, destroyed or lost or there is no further space on the back thereof for endorsement for transfer, it shall be replaced by a new certificate on request without any fee. If so required by the Board, provided however that such new certificate shall not be given except upon delivery of the worn out or defaced or used up certificates, for the purpose of cancellation or upon proof, of destruction or loss, on such terms to evidence, advertisement and indemnity and the payment of out of pocket expenses as the Board may require in the case of the certificates having been destroyed or lost. Any renewed certificate shall be marked as such in accordance with the Companies (issue of share certificate) Rules 1960 or any modification thereof for the time being in force.

Fees

20. For every certificate issued under the last preceding Article, no fee shall be charged by the company.

Directors may issue new certificate

21. Where any shares under the powers in that behalf herein contained are sold by the Directors and the certificate thereof has not been delivered up to the company by the former holder of the said shares, the directors may issue a new certificate for such shares distinguishing it in such manner as they think fit from the certificate not so delivered up.



Person by whom installments are payable

22.If by the conditions of any share, the whole or part of the amount or issue price thereof shall be payable by installments, every such installments shall, when due be paid to company by the person who for the time being and from to time shall be the registered holder of the share or his legal representatives if any.

Company's lien on Shares

23.The company shall have first and paramount lien upon all shares other than fully paid up shares registered in the name of any member either alone or jointly with any other person and upon proceeds of sale thereof for all moneys called or payable at a fixed time in respect of such shares. Such lien shall extend to all the dividends and bonus declared from time to time if any on such shares. But the Directors at any time may declare any shares to be exempt, wholly or partly from the provisions of this article, unless otherwise agreed the registration or transfer of shares shall operate as a waiver of the company's lien, if any, on such shares.

As to enforcing lien by sale

24.For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as it thinks fit but no sale shall be made until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder of the shares for the time being or to the person entitled to the shares by reason of the death or insolvency of the registered holder.

Authority to transfer

25.To give effect to such sale, the Board of Directors may authorise any person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. The purchaser shall not be bound to see the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings relating to the sale.

Application of proceeds of sale

26.The net proceeds of any such sale shall be applied in or towards satisfaction of the said money due from the members and the balance, if any shall be paid to him or the person, if any entitled by transmission of the shares on the date of the sales.

Calls

27.Subject to the provisions of this Act, the Board of Directors may from time to time make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and by the conditions of allotment thereof made payable at fixed times, and the member shall pay the amount every call so made to him to the person/company and at the time and place appointed by the Board of Directors.

Length of notice of call

28.Not less than 30 days notice of any call shall be given, specifying the time and place of payment provided that before the time for payment of such call the Directors may by notice in writing to the members, extend the time of payment thereof.

Calls on shares of same class are to be made on uniform basis

29.Any calls for further share capital are made on shares, such calls shall be made on a uniform basis shares falling under the same class. For this purpose shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class. A call may be revoked or postponed at the discretion of the Board.

When interest on call or installment payable



30.(i) If the sum payable in respect of or installment payable a call or any call or installments due has not been paid on or before the day appointed for payment thereof, the holder of share for which the call have been made or the installment shall be due, shall pay interest on the same at the rate of 15% per annum from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any), as the Board of Directors may determine.

(ii) The Board shall be at liberty to waive payment of any such interest either wholly or in part.

Amount payable at fixed times or payable by installments

31. If by the terms of issue of any share or otherwise, any amount is made payable at any fixed time or by installments shall be payable as if it were a call duly made by the Board and of which due notices had been given and all provisions herein contained in respect of calls shall relate to such amount or installment accordingly.

Payment of calls in advance

32. The Board may if it thinks fit receive from any member willing to advance all or any part of the money due upon the shares held by him beyond the amount actually called for, and upon the money in advance or so much thereof from time to time exceed the amount of the calls then made upon the shares in respect of which such advance has been made, the company may pay interest at such rate being not less than 15% per annum, as the member paying such sum in advance and the Board agreed upon. Money so paid in excess of the amount of calls shall not rank for dividends or confer any right to participate in profits. The Board may, at any time repay the amount so advanced upon giving to such member not less than 3 months notice in writing.

SET OF MONEYS DUE TO SHAREHOLDERS

Company's right of appropriation

33. Any money due from the Company to a shareholder, may without the consent of shareholder, be applied by the company in or towards payment of any money due from him, either alone or jointly with any other person to the company, in respect of calls or otherwise.

FORFEITURE OF SHARES

If call or installment no paid notice may be given

34. If a member fails to pay any call, or installment or a call, on the day appointed for the payment thereof, the Board of Directors may at any time thereafter during such time at any part of such call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest, which may have accrued.

Evidence in action by company against share holders

On the trial of hearing any action, action by or suit brought by the company against or his any share holders or his representative to recover any debtor money claimed to be due to the company in respect of his share, it shall be sufficient to prove that the name of defendant is or was, when the claim arose on the register of the company as a holder, or one of the holder of the number of shares in respect of which such claim is made, and the amount claimed is not entered and paid in the books of the company and it shall not be necessary to prove the appointment of the Directors who made any call nor that quorum of Directors was present at the Board at which any calls made nor that the meeting at which any call was duly convened or constituted, or any other matter whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

Form of notice

35. The notice shall name future day (not earlier than expiration of 14 days from the date of service of the notice) on or before which the payment required by the notice is to be made and shall state, that in the event of non-payment on or before the day appointed, the shares in respect of which the calls were made will be liable to forfeited.

If notice not complied with shares may be forfeited



36.If the requirement of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given, may, at any time thereafter, before the payment required by the notice has been made, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Notice after forfeiture

37.When any shares have been forfeited, notice of the resolution shall be given to the members in whose name in stood immediately prior to the forfeiture and an entry of the forfeiture shall not be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid. Boards right to forfeiture of shares or cancellation of shares

38.A forfeited, surrendered share may be sold or otherwise disposed off on such terms and in such a manner as the Board think fit, and, at any time before such a sale or disposal, the forfeiture may be cancelled on such terms as the Board may think fit.

Liability after forfeiture

39.A person whose shares have been forfeited shall cease to be the member in respect of the forfeited shares but shall, notwithstanding such forfeiture, remain liable to pay and shall forthwith pay the company all moneys which at the date of forfeiture is payable by him to the company in respect of the share, whether such claim be barred by limitation on the date of the forfeiture or not, but his liability shall cease it and when the company received payment in full of all such moneys due in respect of the shares.

Non-payment of sums payable at fixed time

40.The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which by terms of issue of a share, whether on account of the amount of the share or by way of premium otherwise as if the same had been payable by virtue of a call made and notified.

Validity of such sales

41.Upon any sales after forfeiture or for enforcing a lien in purported exercise of the powers herein before given, the directors may cause the purchaser's name to be entered in the register in respect of the shares sold and may issue certificates free of cost in the name of such purchaser. The purchaser shall not be bound to see the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the register in respect of such shares the validity of the sale shall not be impeached by any person and remedy of any person aggrieved by the sale shall be in damages only and against the company exclusively.

TRANSFER AND TRANSMISSION OF SHARES

Transfer

42.(a)The instrument of transfer of any share in the company shall be executed both by the transferor and the transferee, and the transferor shall be deemed to remain holder of the shares until the name of the transferee is entered in the Register of members in respect thereof.

(b)The Board shall not register any transfer of shares unless a proper instrument of transfer duly stamped and executed by the transferor and by the transferee, has been delivered to the company along with the certificates and such other evidence as the company may require to prove the title of the transfer the shares.

Provided that where it is provided to the satisfaction of the Board that an instrument of transfer signed by the transferor and the transferee has been lost, the company may if the Board thinks fit, on application in writing made by the transferee and bearing the stamp required for an instrument of transfer, register the transfer on such terms as to the indemnity as the Board may think fit.

(c)An application for the registration of the transfer of any share or shares may be made either by the transfer or the transferees, provided that where such applications are made by the transferor, no registration shall in the case of partly paid shares effected unless the company gives notice of the application to the transferee and the company shall, unless objection is made, by the transferee, with two weeks from the date of receipt of the notice, enter in the



register the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

- (d) For the purpose of sub-clause (c) notice to the transferee shall be deemed to have been duly given if dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered at the time at which it would have been delivered in the ordinary course of post.
- (e) Nothing in sub-clause (c) shall prejudice any power of the Board to register as a shareholder any person to whom the right to any share has been transmitted by operation of law.
- (f) Nothing in this Article shall prejudice any power of the Board to refuse to register the transfer of any shares to a transferee whether a member or not.
- (g) The registration of a transfer shall not be refused on the ground that the transferor being either alone or jointly with any other person(s) indebted to the company on any account whatsoever except a lien on the shares.

Form of Transfer

43. Shares in the Company shall be transferred by an instrument in writing in such common form as specified in the section 108 of the Companies Act.

Board's right to refuse to register

- 44. a) The board, may at their absolute discretion and without assigning any reason, decline to register. Subject to the provisions of Sec.22 (a) of the Securities contract and (Regulations) Act, 1956.
 - i) The Transfer of any share whether fully paid or not to a person of whom they do not approve or
 - ii) Any transfer or transmission of share on which the company has a lien.
- b) If the Board refuse to register any transfer or transmission of right they shall within the one month from the date on which the instrument of transfer or the intimation of such transmission was delivered to the Company send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be giving reasons for such refusal, provided that registration of transfer of shares 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 ground whatsoever except a lien on the shares.
- (c) In the case of such refusal by the board, the decision of the Board shall be subject to the right of the appeal conferred by Sec.111 sub clause (2).
 - (d) The provision of this clause shall apply to transfer of stock also.

45. No fee shall be charged by the Company for registration of transfer or for effecting transmission of shares on the death of any member or for registering any letters of probate, letters of administration and similar other documents.

Rights to shares on death of a member for transmission

- 46. (1) In the event of death of any one or more of several joint holders, the survivor or survivors alone shall be entitled to be recognized as having title to the shares.
- (2) In the event of death of any share holder or of the death of last surviving holder, the executors or administrators of such holder or other persons legally entitled to the shares shall be entitled to the shares shall be entitled to be recognized by the company as having any title to the share of the deceased.

Provided that on production of such evidence as to title as on such indemnity or other terms as the Board may deem sufficient any person may be recognized as having title to the shares as heir or legal representative of the deceased shareholder.



Provided further that if the deceased shareholder was a member of Hindu Joint Family, the Board on being satisfied to that effect and on being satisfied that the shares standing in his name are in fact belonged to the joint family, may recognize the survivors or the Kartha thereof as having title to the shares registered in the name of such member. Provided further that in any case it shall be lawful for the Board in their absolute discretion to dispense with the production of other legal representation upon such evidence and on such terms so to indemnify or otherwise as the Board may deem just.

Rights and liabilities of a person

47.(1) Any person becoming entitled to a share in consequence of the death or insolvency of a member upon such evidence being produced as may from time to time be required by the Board and subject as herein after provided, elect either.

(a) to register himself as a holder of the share or

(b) to make such transfer of the share as the deceased or insolvent member could have made

Notice by such persons of this election

48.(1) If the person so becoming entitled shall elect to be registered as holders of the shares himself, he shall deliver or send to the company a notice in writing signed by him that he so elects.

(2) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(3) All the limitations and restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice of transfer as aforesaid as if the death or insolvency of the member has not occurred and the notice or transfer has been signed by that member.

Custody of transfer

49. The instruments of transfer shall, after registration, remain in the custody of the company. The Board may cause to be destroyed all transfer deeds lying with the company for a period of ten years or more.

ALTERATION OF CAPITAL

Alteration , consolidation of capital

50.(1) The Company may from time to time alter the conditions of the Memorandum of association as follows.

(a) Increase its share capital by such amount as it thinks expedient by issuing new shares.

(b) Consolidate and divide or any of its share capital into shares of larger amount than its existing shares.

(c) Convert all or any of its fully paid up shares into stock and reconvert that stock into fully paid up shares of any denomination.

(d) Sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum so however, that in the subdivision the proportion between the amount paid and the amount, If any, unpaid on each reduced share shall be the same as it was in the case of the shares from which the reduced share is derived.

(e) Cancel shares which at the time of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so called.

(2) The resolution whereby any share is sub-divided may determine that, as between the holders of the shares, resulting from such sub-division one or more such shares shall have same preference or special advantage as regards dividends, capital or otherwise over or as compared with the others.

Reduction of capital etc. by company



51. The Company, may by Special Resolution, reduce in any manner and with, and subject to any incident authorized and consent required by law:

- a) Its share capital
- b) Any capital redemption reserve; or
- c) Any share premium account.

SURRENDER OF SHARES

Surrender of shares

52. The Directors may accept, the surrender of any shares by way of compromise of any question as to the holder being properly registered in respect thereof, subject to the provisions of Sec.77 and 100 to 104 of the Act.

Power to modify shares

53. The rights and privileges attached to each class may be modified commuted, affected, abrogated in the manner provided in Act.

SET OFF MONEYS DUE TO SHAREHOLDER

Set off moneys due to Shareholders

54. Any money due from the company to a shareholder may, without the consent of such shareholder be applied by the company in or towards payment of any money due from him, either alone or jointly with any other person to the company in respect of calls or otherwise.

CONVERSION OF SHARES INTO STOCK

Conversion of shares

55. The company may by ordinary resolution convert all or any fully paid shares of any denomination into stock and vice versa.

Transfer of Stock

56. The holders of stock may transfer the same or part thereof in the same manner as and subject to the same regulations under which, the shares from which the stock arose, might before the conversion have been transferred, or as near thereto as circumstances admit, provided that the Board may, from time to time fix the minimum amount of stock transferable so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

Rights of stock holders

57. The holders of the stock shall according to the amount of the stock held by them have the same right, privileges and advantages as regards dividends, voting at meetings of the company and other matters, as if they held the shares from which the stock arose.

Applicability of regulations to stock and stock holders

58. Such of the regulations contained in these presents other than those relating to share warrants as are holders applicable to paid up shares shall apply to stock and the words shares and shareholder in these presents shall include stock and stock holder respectively.

Issue of Share Warrants

59.a) The company may issue share warrants subject to and in accordance with provisions of sections 114 and 115 of the Act and accordingly the Board may in its discretion, with respect to any shares which is fully paid up on application in writing signed by the person registered as holder of the share and authenticated by such evidence, if any, as the



Board, may from time to time require, as to the identity of a person signing in the application and on receiving the certificate, if any, of the share, and the amount of the stamp duty of the warrant and such fees as the Board may from time to time require, issue a share warrant.

- b) Share warrant shall entitle the bearer, to the shares included in and the shares shall be transferred by the delivery of the share warrant and the provisions of the Articles of the Company with respect to transfer and the transmission of shares shall not apply thereto.
- c) The bearer of a share warrant shall, on surrender of the warrant to the company for cancellation and on payment of such sums as the Board may from time to time prescribe, be entitled to have his name entered as Member in the Register of Members in respect of the shares included in the warrant.

Requisition of meeting by bearer of share warrant

- 60.1) The bearer of a share warrant may any time deposit the warrant at the office of the company and so long as the warrant remains so deposited, the depositors shall have the same right of signing requisitions for calling a meeting of the company and of attending and voting and exercising the other privileges of a member at any meeting held after the expiry of two clear days from the time of deposit of warrant.
- 2) Not more than one person shall be recognized as depositor of the share warrant.
- 3) The company shall, on two days written notice, return the deposited share warrant to the depositor

Disabilities of holder

- 61 1. Subject as herein otherwise expressly provided, no person shall, as a bearer of a share warrant sign a requisition for calling a meeting of the company or attend or vote or exercise any other privilege of a member at a meeting of the company or be entitled to receive any notice from the company
- 2. The bearer of a share warrant shall be entitled in all other respect to the same privileges and advantages as if he were named in the Register as he holder of the shares included in the warrant and he shall be a member of the company.

Renewal

- 62. The Board may from time to time, make rules as to the terms on which (if it shall think it) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

Powers of the Board

- 63. Subject to the provisions of the Companies Act, 1956 and subject to the powers of the company in General Meetings, the decision of the Board of Directors shall be final in respect of such of those matters relating to the administration as are not set out in these presents in respect of issue of shares, share certificates, company's lien on shares calls on shares forfeited, on shares for transfer and transmission, conversion of shares into stock and share warrants.

Buy Back of Shares

- 64. The Company shall have power, subject to and in accordance with the applicable provisions of the Act then prevailing, to purchase any of its fully paid shares and to make payment of capital in respect of such purchase, such purchase and payment shall not be deemed to be reduction of share capital within the meaning of the Act.

GENERAL MEETINGS

Annual General Meeting

- 65. The company shall in each year hold in addition to the other meeting a general meeting on which shall be styled as its annual general meeting at intervals and in accordance with the provisions of Section 166 of the Act.

Extraordinary General Meeting



66. Extraordinary General Meeting may be held either at the Registered Office of the Company or at such convenient place as the Board or the Managing Director (subject to any directions of the board) may deem fit.

Rights to summon Extraordinary General Meeting

67. Managing Director may whenever he thinks fit and shall if so directed by the Board convene an Extraordinary General Meeting at such time and place as the Board may direct and subject to such direction, if any, as the Managing Director may deem fit.

- (a) The Board shall on the requisition of number of members of the company as is specified below proceed duly to call an Extraordinary General Meeting of the Company and comply with the provisions of the Act in regard to meetings on requisition.
- (b) The requisition shall set out matters for consideration of which the meeting so called, shall be signed by the requisition and shall be deposited at the Registered Office of the company or sent to the company by Registered post addressed to the company at its registered office.
- (c) The requisition may consist of several documents in like forms each signed by one or more requisitionists.
- (d) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold on the date of the deposit or dispatching to the registered office of the requisition, not less than 1/10th of such of the paid-up capital of the company as at the date carries the right of voting in regard to the matter set out in the requisitions.
- (e) If the Board does not within 21 days from the date of deposit of the requisition with regard to any matter proceed duly to call a meeting for the consideration of these matters on a date not later than 45 days from the date of deposit of the requisition, the meeting may be called by the requisitionists themselves or such of them, as represent either majority in value of the paid-up share capital of the company held by all of them or not less than 1/10th of such paid-up capital of the company as it referred to (d) above, whichever is less.

Length of notice for calling meeting

68. A general meeting of the company other than the Annual General Meeting may be called by giving not less than 21 days notice in writing provided that a General Meeting may be called after giving shorter notice by all the members entitled to vote there at and in the case of any other meeting of the company holding not less than 95% of the part of the paid-up share capital which gives the right to vote on the matters to be considered at the meeting.

Provided that where any members of a company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for purposes of this clause in respect of the former resolution or resolutions and not in respect of the later.

Accidental omission to give notice to in validate meetings

69. The accidental omission to give notice of any meeting to or non-receipt of any such notice by any of the members shall not invalidate the proceedings or any resolution passed at such meetings.

Quorum

70. Five members personally present shall be a quorum for a General Meeting and no business shall be transacted at any General Meeting unless the requisite quorum is present when the meeting proceeds to business.

If quorum not present when meeting to be dissolved and when to be adjourned

71. If within half an hour from the time appointed for the meetings a quorum is not present, the meeting if called upon the requisition of members, shall be dissolved, in any other case, it shall stand adjourned to the same day in the next week and at the same time and place or to such other day and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.



Chairman of General Meeting

72.The Chairman, if any, of the Board of Directors shall preside as Chairman at every General Meeting of the Company.

When Chairman absent, choice of another chairman

73.If there is no such Chairman or if at any meeting he is not present within fifteen minutes from the time appointed for holding the meeting, or is unwilling to act as Chairman, the members present shall choose any director present as Chairman and if no director be present, or if all the directors decline to take the chair, then the members present shall elect one of their own members to be Chairman.

Adjournment of meeting

74.The Chairman may, with the consent of any meeting at which a quorum is present and shall, if so directed by the meeting, adjourn that meeting from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned, for thirty days or more, notice of the adjournment meeting shall be given as in the case of an original meeting. Same as aforesaid, it shall not be necessary to give any notice of any adjournment or of the business to be transacted at an adjourned meeting.

Casting vote

75.In the case of an equality of votes, the Chairman shall, both on a show of hands and on a poll, have a casting votes in addition to the vote or votes to which he may be entitled as a member.

Taking of poll

76.If a poll is duly demanded in accordance with the provisions of Section 179, it shall be taken in such manner as the Chairman subject to the provisions of Section 185 of the Act, may direct, and the results of the poll shall be deemed to be the decision of the Meeting on the resolutions on which the poll was taken.

Votes

77.Every member of the company holding an Equity share capital shall have a right to vote in respect of such capital on every resolution placed before the company. On a show of hands, every such member present shall have one vote in person or by proxy and his voting right on a poll shall be in proportion to his share of the paid up equity of the company.

Joint holders

78.In the case of joint holders, the vote of the first named of such joint holders who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders.

No member entitled to vote while call due to company

79.No member shall be entitled to vote a general meeting, unless all calls, or other sum presently payable by him in the respect of shares in the company have been paid.

Proxies permitted on poll

80.On a poll, votes may be given either personally or by proxy provided that no company shall vote by proxy as long as resolution of the Directors in accordance with the provisions of Section 187 in force.

Instrument of proxy to be deposited at office

81.a)The instrument appointing a proxy shall be in writing under the hand of appointer or of his attorney duly authorized in writing or if the appointer is Body corporate, either under the Common Seal or under the hand of an officer or attorney so authorized. Any person may act as proxy whether he is a member or not.

b)A body corporate (whether a company within the meaning of this Act or not) may



- i) If it is a member of the company, by resolution of its board of Directors or other governing body, authorize such person as it thinks fit to act as its representative at any meeting of the company or of any class of members of the company
- ii) If it is a director (including a holder of debentures of the company by resolution of its Directors or other governing body authorize such person as it think fit to act as its representative at any meeting of any creditors of the company held in pursuance of this act or any rules made thereunder, or pursuance of these provisions contained in any debentures or trust deed as the case may be.
- c) A person authorised by resolution as aforesaid shall be entitled to exercise the same right and powers (including the right to vote by proxy) on behalf of the body corporation which is represents, as if he were personally the member, creditor or debenture holder.

Validity of vote of proxy

82. The instrument appointing the proxy and the power of attorney or other authority, if any, under which it is signed or a notary certified copy of that power of attorney shall be deposited at the Registered office of the company not less than forty eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument of proxy shall not treated as valid.
83. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the appointer, or revocation of the proxy, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, revocation or transfer shall have been received at the Registered Office of the Company before the commencement of the meeting or adjourned meeting at which the proxy is used.

DIRECTORS

84. Until otherwise determined by general meeting, the number of Directors shall be not less than 3 and not more than 12 including any ex-officio directors.

85. The first directors shall be:

1. Shri V.Venkateswarlu
2. Shi V.Parthasarathi
3. Shri C.Bharathi Devi

86. A director may retire from his office upon giving one month's notice in writing to the company of his intention to do so, and such resignation shall take effect upon the expiration of such notice or its earlier acceptance.

- 87.a) The Directors for the time being of the Company shall each be entitled to be paid a sitting fee of Rs.1000/- for every meeting of the Board or of any committee attended by them.

- b) Subject to the provisions of the Act, the Directors may with the sanction of a Special Resolution passed in the General Meeting, and such sanction if any, of the Government of India as may be required under the Companies Act, sanction and pay to any of or all the Directors such remuneration for their services as Directors or otherwise and for their such period and on such terms as they may deem it fit.

- c) Subject to the provisions of Section 314 of the Companies Act, and subject to such sanction of the Government of India, as may be required under the Companies Act, if any Director shall be appointed to advise the Board as an expert or be called upon to perform extra services or make special exertions for any of the purpose of the company, the company may determine in general meeting by special resolution and remunerate such Director, such remuneration may be in the form of either salary, commission, or lump sum and may either be in addition to or in substitution of the remuneration specified in clause(a) of this Article.

88. The continuing directors may act notwithstanding any vacancy in their body but if and so long as their number is reduced below 3 the continuing Director or Directors may act for the purpose of increasing the number of directors to the fixed or quorum for summoning a General Meeting of the company and for no other purpose.

Directors may act notwithstanding vacancy power to board add to its number



89. The Board shall have power at any time and from time to time to appoint any person Director as an addition to the Board so that the total number of Directors shall not at any time exceed the maximum number fixed by Article 81. Any Director so appointed shall hold office only until the next Annual General Meeting of the Company and shall then be eligible for reelection.

Remuneration of Directors for extra services

90. If any director is appointed to advise the Board as an expert or be called upon to perform extra services or make special attention to the business of the company, or as a member of the committee in General Meeting by special resolution, remunerate such director either by a fixed sum or by a percentage of the net profits or otherwise and such remuneration may be either in addition to or in substitution of any other remuneration to which he may be entitled under article 86.

Conditions under which directors may contract with company

91. Subject to the provisions of Section 297 of the Act, neither shall a director be disqualified from contracting with the company either as vendor, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the company nor shall any such contract or arrangement entered into by or on behalf of the company with a relative of such director or a firm in which such director or a relative is a partner or with any other partner in such firm or with a private company, of which such director is a member or director be avoided nor shall any director so contracting or being such member be so interested as to be liable to account to the company for any profits realised by such contracts or arrangement by the reason of such director holding office or of the fiduciary relation thereby established.

(a) The Board of Directors will decide the qualification shares if any of the office of the Director the company from time to time in their duly convened meeting.

Disclosure of a Director's interest

92. Every Director shall comply with the provisions of section 299 of the Act in regard to disclosure of his concern or interest in any contract or arrangement entered into or to be entered into by the company.

Chairman of Board of Directors

93.a) The Board of Directors may from time to time elect one of their body to be the Chairman of the board of directors for such period as the board may fix by the resolution making the appointment, provided that if the chairman should cease to be a director of the company shall also cease to be chairman.

b) The chairman shall be paid, subject to the sanction of the Government, if any required for the purpose, such sum as remuneration for his services as Chairman, as the company may, with like sanction from time to time fixed by a special resolution at a General Meeting.

Casual vacancy

94. If the office of any Director becomes vacant before the expiry of the period of his Directorship in normal course, the resulting casual vacancy may be filled by the Board at the meeting of the Board. Any person, so appointed, shall hold office only up to the date which the Director whose place he is appointed would have held office if the vacancy had not occurred as aforesaid.

Additional Director

95. The Directors may, from to time, appoint any person as an Additional Director, provided that the number of Directors and additional directors together shall not exceed the maximum number of directors fixed under Article 81 above. Any person so appointed as an Additional Director shall hold office up to the date of the next Annual General Meeting of the Company.

Alternative Director

96. The Board may appoint an alternate Director to act for a Director (herein after called the "Original Director") during his absence for a period of not less than three months from the State of Andhra Pradesh. An alternate Director appointed under this Article shall not hold office as such for a longer period than that permissible to the original Director in whose place he has been appointed and shall vacate office if and when the original Director in whose place he has been



appointed returns to the State of Andhra Pradesh. If the term of office of the original Director is determined before he so returns to the State of Andhra Pradesh, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the original Director and not the alternate Director.

Corporation's Directors

97. Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the company to Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit And Investment Corporation of India Limited (ICICI), The Industrial Reconstruction Bank of India (IRBI), Life Insurance Corporation of India (LIC), Unit Trust of India (UTI), General Insurance Corporation of India (GIC), National Insurance Company Limited (NICAL), The Oriental Fire and General Insurance Company Limited (OFGI), The New India Insurance Company (NIA), United India Insurance Company (UIC), Technology Development And Information Company Limited (TDICI), Indian Renewable Energy Development Agency Limited (IREDA), State Financial Corporation or any Financial Institution owned or controlled by the Central Government or State Government or the Reserve Bank of India or by two or more of them or by Central Government or State Government by themselves (each of the above is herein after in this Article referred to as "The Corporation") out of any loans/debentures assistance granted by them to the company or so long as the corporation holds or continues to hold debentures/shares in the company as a result of underwriting or by direct subscription or private placement, or as long as any Liability of the company arising out any Guarantee furnished by the Corporation on behalf of the company remains outstanding, the corporation shall have a right to appoint from time to time, Directors, whole-time or non-whole-time, (which Director or Directors is/ or herein after referred to as "Nominee Director/s") on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s. The nominee Director so appointed shall vacate his office as soon as the moneys owing to the corporation are paid by the company, and the Corporation ceases to hold any shares in the company.

Till such, Nominee Director is holding his position he shall not be liable to retire by rotation shall entitled to all the privileges to which other Director is appointed as whole-time Director, he shall exercise such powers and duties as are approved by the corporation.

98. Subject to the provisions of the Act, the Directors and the Managing Director shall not be disqualified by reason of their office as such from contracting with the company as vendor, purchaser, lender, agent broker or otherwise nor shall any such contract or arrangements entered into by or on behalf of the company with any Director or the Managing Director or with any company or partnership of or in which the Managing Director shall be a member or otherwise be interested avoided nor any Director or Managing Director so contracting or being such member so interested be liable to account to the company for any profit realised by such contract or arrangement by reason only of such Director or the Managing Director holding that office or of the fiduciary relation thereby established but the nature of the nature of the interest must be disclosed by the Director or the Managing Director at the meeting of the Board at which the contract or arrangement is determined or if the interested then exists or in any other case at the first meeting of the board after the acquisition of the interested, provided, nevertheless that no director shall vote as a Director in respect of any contract or arrangement or agreement in which he is so interested as aforesaid or take part in the proceeding threat and he shall not be counted for the purpose of ascertaining whether there is quorum directors present. These provisions shall not apply to any contract by or on behalf of the Company to give to the Director contract by the Managing Director or any of them any security by way of indemnity against any loss which they or any of them suffer by becoming or being sureties for the company. A general notice that the Managing Director or any Director is a Director or a member of any specified company or is a member of in specified and is to be regarded as interested in any subsequent transaction be sufficient disclosure under this Article and after such general notice it shall not be necessary to give any special notice relating to any particular transaction with such company or firm.

b) A director may be or become a Director of any company promoted by this company or in which this company may be interested as vendor, shareholder or otherwise and no such director shall be accountable to the company for any benefits received as a director or member of such company.

Rights Conditions under which directors may contract with company Directors

99. Except as otherwise provided by these Articles all the directors of the company shall have in all matters equal rights and privileges, and be subject to equal obligations, and duties in respect of the affairs of the company.

Rotation and Retirement of Directors



100. At the first Annual General Meeting of the Directors as are liable to retire by rotation, shall and seek re-election. Thereafter at every annual general meeting 1/3rd of the directors shall retire by rotation and the directors so retiring are eligible to seek re-election.

Retiring Director eligible for re-election

101. A retiring director shall be eligible for re-election and the company at the General Meeting at which a director retires in the manner aforesaid may fill up the vacancy by electing a person thereto.

Which directors retire

102. The directors to retire in every year shall be those who has been longest in office since their last election but as between person who become directors on the same day those to retire shall unless they otherwise agree among themselves be determined by lot.

Register of Directors and notification of change to register

103. The company shall keep at its registered office a register containing the addresses and occupation and other particulars required by section 303 of the Act of its directors, Managing Director and Secretary and shall send to the Registrar of Companies, Returns as required by the act.

Directors may summon meeting

104. A Director may at any time convene a Meeting of the Directors. It shall not be necessary to give notice of a meeting of the Directors or Director who is not in India.

Question how decide

105.1. Save as otherwise expressly provided in the Act, a meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion by or under the regulations of the company for the time being vested in or exercisable by the Directors generally and all questions arising at any meeting of the Board shall be, decided by a majority of the Board.

2. In case of any equality of votes, the Chairman shall have a second or casting vote in addition in his vote as a Director.

Quorum

106. The quorum for meeting of the Board shall be one third of its total strength (any fraction contained in that one third being rounded off as one) or two directors which ever is higher, provided that where at any time the number of interested director is equal to or exceeds two thirds of the total strength the number of the remaining directors that is to say the number of directors who are not interested present at the meeting being not less than two shall be the quorum during such time. The total strength of the Board shall mean the number of directors actually holding office as director on the date of the resolution or meeting that is to say, the total strength of the Board after deducting therefrom the number of directors if any whose places are vacant at the time.

Resolution by circulation

107. Save as otherwise expressly provided in the Act, a resolution in writing circulate together with the necessary papers if any, to all the members of the committee then in India (not being less in number than the quorum fixed for the meeting of the Board of the committee as the case may be) and to all other Directors or members at their usual address in India and appointed by such of the Directors as are then in India or by a majority of such of them as are entitled to vote on the resolution shall be valid and effectual as if it had been a resolution duly passed at a meeting of the Board or committee duly convened and held.

Specific powers of Directors

108. In furtherance of and without prejudice to the general powers conferred by section 291 and other powers by the Articles and subject to the provisions of section 292 and 293 of the Act, it is hereby expressly declared that it shall be lawful for the Directors to carry out all or any of the objects set forth in the Memorandum of Association and to do the following things.

To acquire and dispose of property and rights



a) To purchase or otherwise to acquire property and rights the company and property, rights or privileges which the company is authorised to acquire at such price and generally on such terms and conditions as they think fit and to sell, let, exchange or otherwise dispose of the property, privileges and undertaking of the company upon such terms and conditions and for such consideration as they may think fit.

To pay for property in debentures etc.

b) At their discretion to pay for any property, rights and privileges acquired by service rendered to the company either wholly or partly in cash or in shares, bonds, debentures or other securities of the company and any such shares may be issued either as fully paid up or with such amount certified as paid up the sum as may be either specifically charged upon all or any part of the property of the company and its uncalled capital or not so charged.

To secure contracts for mortgages

c) To secure the fulfillment of any contracts or agreements entered into by the company by mortgage or charge of all or any of the property of the company and its uncalled capital for the time being or in such other manner as they think fit.

d) To appoint and at their discretion remove or suspend such agents, securities, officers, clerks and servants for permanent temporary or special services as they may from time to time think fit and determine their powers and duties, and fix their salaries or emoluments and require security in such instance and to such amount as they think fit.

To bring and defend action etc.

e) To institute, conduct, defend, compound or abandon any legal proceedings by or against the company or its officer or otherwise concerning the affairs of the company also to compound and allow time for payment or satisfaction of any dues and of any claims or demands by or against the company.

To refer to arbitration

f) To refer any claims, or demands by or against the company to arbitration and observe and perform the awards.

To give receipts

g) To make and give receipts, releases and other discharges for money payable to the company and of the claims and demands of the company.

To act in the matters of bankrupts and

h) To act on behalf of the company in all matters relating to bankrupts and insolvents.

To give security by way of indemnity

i) To execute in the name and on behalf of the company in favour of any Director or other person who may incur or be about to incur personal liability for the benefit of the company such mortgage of the company's property (present and future) as they think fit and any such mortgage may contain power of sale and such other powers, covenants and provisions as shall be agreed upon.

To give commission.

j) To give any person employed by the company a commission on the profit of any particular business or transaction or a share in the general profits of the company.

To make contracts

k) To enter into all such negotiations and contracts and rescind and vary all such contracts and executed and do all such acts and deeds and things in the name and on behalf of the company as they consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the company.

To make by-laws



l) From time to time make any and repeal bye-laws for the regulations of the company, its officers and servants.

To set aside profits

m) Before recommending any dividends, to set aside portions of the company to form a fund to provide for such pensions, gratuities or compensations; or to create any provident fund as the directors may deem fit.

To make and alter rules

n) To make and alter rules and regulations concerning the time and manner of payments of the contributions of the employees and the company respectively to any such funds and accrual employment suspension and forfeiture of the benefits of the said fund and the application and disposal thereof and otherwise in relation to the working and management of the said fund as the Directors shall from time to time think fit.

o) To act generally, at their absolute discretion, to do and perform every act and thing which they may consider necessary or expedient for the purpose of carrying on the business of the company excepting such acts and things as memorandum of Association of the company, or by these presents may stand prohibited.

Secretary

109. The Board shall have power subject to the provisions of Sec.383 A, to appoint as Secretary a person fit in their opinion for the said office, for such period and on such terms and conditions as regards remuneration and otherwise as it may determine. The Secretary shall have such powers and duties as may from time to time, be delegated or entrusted to him by the board of the Managing Director.

Borrowing Powers

110.1) The Board may from time to time, raise any moneys or sums of money for the purpose of the company provided that moneys to be borrowed together with the moneys already borrowed by the company (apart from temporary loans obtained from company's bankers in the ordinary course of business) shall not without the sanction of the company at a General Meeting exceed the aggregate of the paid up capital and its reserves that is to say reserve not set apart for any specific purpose and in particular but subject to the provisions of Sec.292 of the Act, the Board may from time to time at their discretion raise or borrow or secure the payment of any such sum or sums of money for the purpose of the company, by the issue of Debentures to members perpetual or otherwise including Debentures convertible into shares of this or any other company or perpetual annuities and security of any such money so borrowed, raised or received mortgage, pledge, or charge, the whole or any part of the property, assets, of revenue of the company present or future including its uncalled capital by special assignment or otherwise or transfer or convey the same absolutely or in trust and give the lenders power of sale and other powers as may be expedient and purchase, redeem or pay off any such securities, provided that every resolution passed by the company in general meeting in relation to the exercise of power to borrow as stated above shall specify the total amount upto which moneys may be borrowed by the Board of Directors, provided further that subject to the provision of Sec.292, the Board may by a resolution delegate the power to borrow money otherwise than on debentures to a committee of Directors or the Managing Director subject to limits specified in the said resolution of the total amount which may be borrowed.

2) Subject to the provisions of the Clause above, the Board may from time to time at their discretion raise or borrow or secure the repayment of any sum of money for the purpose of the company at such times and in such manner and upon terms and conditions in all respect as they think fit, and in particular by promissory notes or by opening current accounts, or by receiving deposits and advances with or without security, or by the issue of bonds, perpetual or redeemable debentures or debenture stock of the company charged upon all or any part of the property of the company (both present and future) including its uncalled capital for the time being, or by mortgaging or charging or pledging any lands, buildings, bonds or other property and securities of the company, or by such other means as to them may seem expedient.

Assignment of debentures

111. Such debentures, debenture stock, bonds, or other securities may be made assignable free from any equities between the company and the person to whom the same may be issued.



- 112.a) Any such 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 of the company or otherwise, provided that debentures with the right to allotment or conversion into shares shall be issued except with the sanction of the company in General Meeting.
- b) Any trust deed for the securing of any of debenture stock and or any mortgage deed and or other bond for securing payment of money borrowed or due by the company or any contract or any agreement made by the company with any person, firm, body corporate government or authority who may render or agree to render any financial assistance to the company by way of loans advanced or by guaranteeing of any loan borrowed or other obligations of the company or any subscriptions to the share capital of the company or provide assistance in any other manner, may provide for the appointment from time to time, by any such mortgage, lender trustee of or holders of debentures or contracting partly as aforesaid of one or more persons to be a Director or Directors of the Company. Such trust deed, mortgage deed, bond or contract may provide that the person appointing a Director as aforesaid may from time to time remove any director so appointed by him and appoint any other person in his place and provide for filling up of any casual vacancy created by such person vacating office as such Director. Such power shall determine and terminate on the discharge of repayment of the respective mortgage, loan or debt or debentures or on the termination of such contract and any person so appointed as Director under mortgage or bond or debenture trust deed or under such contract shall cease to hold office as such Director of the discharge of the same. Such appointment and provision in such document as aforesaid shall be valid and effective as if contained in these presents.
- c) The Board of Directors may by resolution declare that any Director of the company whether Additional Director or Director appointed at a General Meeting shall be a special Director and shall not be liable for retirement by rotation and shall not be required to hold any qualification shares. The Board of Directors may determine the period for which such person shall hold office as such special Director either till the happening of any contingency or subject to any conditions.
- d) The Director or Directors so appointed by or under a mortgage deed or other bond or contract as aforesaid shall be called a special Director or special Directors and the Director if appointed as aforesaid under the provisions of a debenture trust deed shall be called debenture Director. The words "Special Director" or Debenture Director shall mean the Special Director or Debenture Director shall not be required to hold any qualification shares and shall not be liable to retire by rotation or to be removed from office by the Company. Such mortgage deed, bond or trust deed of contract such auxiliary provisions may contain as may be arranged between the company and the mortgage lender, the trustee or contracting party as the case may be and all such provisions shall have effect notwithstanding any of the other provisions herein contained but subject to the provisions of the Act.
- e) The Directors appointed as Special Director or Debenture Director under the Article shall be deemed to be ex-officio Directors.
- f) The total number of Ex-officio Directors, if any so appointed under this Article together with the other Ex-officio Director, or any appointed under any other provisions of the presents shall not any time exceed one third of the whole number of Directors for the time being.
113. If any uncalled capital of the company is included in or charged by any mortgage or other security, the Directors may, by instrument under the companies seal authorize the person in whose favour such mortgage or security is executed or any other person in trust for him, to make calls the n members in respect of such uncalled capital and the provisions herein before contained in regard to calls, shall mutatis mutandis, applied to calls made under such authority and such authority may be made exercisable either conditionally or absolutely or contingently and either to the exclusion of the Directors, power or otherwise, and shall be assignable if expressed so to be.
114. If the Directors of any of them or any other persons shall become personally liable for the payment of any sum primarily due from the company, the Board may execute any mortgage, charge or security over or affecting the whole or any part of the assets of the company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect in such liability.

MANAGING DIRECTOR

Appointment of Managing Director

115. The Board may, subject to the provision of the Companies Act, 1956 appoint one or more of their body to the office of Managing Director for such period and on such terms as they think fit and subject to the terms of any agreement



entered into, a Director so appointed shall not whilst holding that office, be subject to retirement by rotation or be taken into account in determining the rotation or retirement of Directors but this appointment shall be automatically terminated if he ceases to be director. If any Managing Director is found guilty of fraud or gross negligence or refuse to comply with the directions of the Board as provided in these Articles he may be removed from Office by a resolution of the Board of Directors.

116. In the event of any vacancy arising in the office of a Managing Director or if the Directors resolve to increase the number of Managing Directors, the vacancy shall be filled by the Board of Directors and the Managing Director so appointed, shall hold the office for such period as the Board may fix.

Managing Director not to retire by rotation

117. The Managing Director shall not be liable to retirement by rotation so long as he holds office as Managing Director. Subject to the provisions of this Act and subject to the approval of the Central Government in this respect shall be the first Managing Director of the Company the term of his office shall be for a period of five years from the date on which his appointment takes effect.

118. The Managing Director shall, subject to such sanction by the Central Government by law required, receive such remuneration (whether by way of salary, commission or partly in one and partly in another) as the company in General Meeting may from time to time determine.

Appointment of Executive Director/Whole-time Director/Director Technical

a) The Directors may subject to the provisions of Companies Act, 1956 to appoint one or more of their body to the office of Executive Director/Whole time Director/Director Technical for such period and on such terms as they think fit and subject to the terms of any agreement entered into. Executive Director/Whole-time Director/Director-Technical so appointed, shall not whilst holding that office be subject to retirement by rotation or retirement of Directors but his appointment shall be automatically be terminated if found guilty of fraud or gross negligence or refuses to comply with the Directors of the Board as provided in the articles he may be removed from office.

Power to be exercised by Managing Director

119. The Managing Director shall, subject to the supervision and control of the Board of Directors, have the management of whole of the affairs and business of the company and of all its assets, shall have power to do all acts and things which he shall consider necessary or desirable in the management of the affairs of the company and to exercise and perform all the powers and duties vested in for the time being in accordance with the provisions of these presents or by any resolution of the Board including the following:

- a) Subject to the provisions of Sec.293 of the Act, to sell for cash or on credit and either wholesale or in retail and for ready or future delivery and realize the proceeds of sale of property, movable or immovable or any right or privileges belonging to the company or in which the company is interested or over which the company have any such power of disposal and to exchange any such power of or rights belonging to the company for other property or rights
- b) To determine from to time who shall be entitled to sign on the company's dividend warrants, released, contracts and documents and to give the necessary authority for such purpose.
- c) To execute all deeds, agreements contracts receipts and other documents that may be necessary or expedient for the purpose of the company and to make and give receipts, releases and other discharge for money or goods, property received in the usual course of business of the company or lent or payable or belonging to the company and for the claims demands of the company.
- d) To institute, conduct, defend, compound or abandon any actions, suits and legal proceedings by or against the company or its officers or otherwise concerning the affairs of the company and also to compound or compromise or submit to arbitration the same actions, suits and legal proceedings.
- e) To enter into, vary or cancel all type of contracts on behalf of the company.
- f) To engage and in their discretion to remove, suspend, dismiss and remunerate bankers, legal advisors, accountants, managers, cashiers, clerks, agents, commission agents, dealers, brokers, foreman, servants, employees of technical or skilled assistance as from time to time may in their opinion be necessary or advisable in the interest of the



company and upon such terms as to duration of employment, remuneration or otherwise any and require security in such instances and to such amounts as the Managing Director thinks fit.

- g) To acquire by purchase, lease, exchange, pledge, hypothecation or otherwise transfer lands, estates, fields, buildings, office, showroom, godowns and other buildings in the State of Madras or elsewhere machinery, engine, plant, rolling stock tools, machine tools, outfits, stores, hardware and any other materials of whatever description either on credit for cash and for present or future delivery.
- h) To plan, develop, improve, cut down, process, sell or otherwise dispose of the product of the company and to incur all expenses in this behalf.
- i) To erect, maintain, repair, equip, alter and extend buildings and machinery in the State of Madras or in any other place.
- j) To enter into such negotiations and contract rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the company.
- k) To pay all moneys due by the company and look after the finance of the company.
- l) To open, close current and time deposit accounts or other accounts with bankers on bankers at his choice, and to operate on such accounts and also when necessary, to overdraw to take loans on such accounts on the security of the company or of any of its assets.
- m) To draw, accept, endorse, discount, negotiate and discharge on behalf of the company, all bills of exchange, promissory notes, cheques, hundies, drafts, railway receipts, dock warrants, delivery orders, Government promissory notes, other Government instruments, bonds, debenture stocks of corporation, local bodies, port trust, improvement trust, or other corporate bodies and to execute transfer deeds for transferring stocks, shares or stock certificates of the Government and other local or corporate bodies in connection with any business or any subject of the company.
- n) Subject to Article 109 above to borrow from time to time such sum of moneys for the purpose of the company upon such terms and as may be expedient and with or without security.
- o) To receive and give effectual receipts, and discharges on behalf of and against the company for moneys, funds, goods on property lent, payable or belonging to the company or for advance against the goods of the company.
- p) To make or receive advance of money, goods, machinery, plant and other things by way of safe, mortgage, hypothecation or lien, pledge deposit or otherwise in such manner and on such terms as the Managing Director may deem fit.
- q) To submit to arbitration and enforce the fulfillment of awards regarding any claims in which the company may be interested to adjust, settle or compromise and claims due to or by the company and give to debtors of the company time for payment. To institute, appear in or defend any legal proceedings in the name of and on behalf of the company to sign and employ, advocates, solicitors and lawyers and to execute any vakalath or other authority in their favour and to compound and compromise any claim, suit or proceedings.
- r) To make all manner of insurances.
- s) To delegate or any of the powers, authorities and discretion for the time being vested in the Managing Director and also from time to time provide by the appointment of any attorney or attorneys to sign, seal, execute, deliver register or cause to be registered all instruments, deeds, documents, or writing, usually necessary or expedient for any of the purpose of the company not requiring the common seal of the company, provided that the directors may from time to time revoke, withdraw, alter or vary all or any of the above

COMMON SEAL

120. The Board shall provide a common seal of the company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof. The common seal be kept at the Registered Office of the company and subject to the custody of the Directors.



121. The seal shall not be affixed to any instrument except by authority of a resolution of the Board or Committee and unless the Board otherwise determines, every deed or other instruments to which the seal is required to be affixed shall, unless the same is executed by a duly, constituted attorney for the company, be signed by one director, and the Secretary in whose presence the seal shall have been fixed or such other person as may from time to time be authorised by the Board and provided, nevertheless that any instrument bearing the seal of the company and issued for valuable consideration shall be binding on the company notwithstanding any irregularity touching the authority to issue the same, provided, also the counter signature of the Managing Director or other authorized person shall be necessary in the case of instrument executed in favour of the Managing Director which shall be sealed in the presence of any one director and signed by him on behalf of the Company.

DIVIDENDS AND RESERVES

Rights to Dividend

122. The profits of the company, subject to any special rights, relating thereto created or authorized to be created by these presents and subject to the provision of these presents as to the Reserve Fund shall be divisible among the equity shareholders.

Declaration of Dividend

123. The company in General Meeting may declare dividends but no dividend shall be executed the amount recommended by the Board.

Dividend to be put out of the profits only

124. The declaration of the Directors as to the amount of the net profits of the company shall be conclusive

What to be deemed net profits

125. The Board from time to time pay to the members such interim dividends as appear to it be justified by the profits of the company.

Interim Dividend

126. No dividend shall be payable except out of the profits of the year or any other undistributed profit as provided by Sec.205 and 208 of the Act.

127. 1) Subject to this provision of the Act, the board may before recommending any dividends, set aside out of the profits of the company such sums as it thinks proper as a reserve or reserve which shall, all the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied including provision for meeting contingencies or for equalizing dividends and pending such application may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than the shares of the company) as the Board may from time to time think fit.

2. The Board may also carry forward any profits which it may think prudent not to divide with setting them aside as Reserve.

Method of Payment of Dividend

128.

1. Subject to the rights of persons, if any, entitled to shares with special right as to dividends, all dividends shall be declared and paid or credited as paid on the shares in respect whereof the dividend is paid.
2. No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of these regulations as paid on the share.
3. All dividends shall be appointed and proportionately to the amounts paid or credit as paid on the shares during any portion or portions of the period in respect of which the dividends is paid but if any share is issued on terms providing that it shall rank for dividends as from a particular date such shares shall rank for dividend accordingly.

Unclaimed Dividends



4. Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholders entitled, to the payment of the dividend, the company shall within 7 days from the date of expiry of the said 42 days, open a special account in that behalf in any Scheduled Bank called "Unpaid Dividend of Ammana Bio Pharma Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

Any amount transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the share holders to whom the money is due.

No unclaimed or unpaid dividend shall be forfeited by the Board.

Deduction of arrears

129. 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 in relation to the shares of the company or otherwise.

Adjustment of Dividend

130. Any General Meeting declaring dividend or bonus 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 the dividend may if so arranged between the company and themselves be set off against the call.

131.

1. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheques or warrant sent through post directed to the registered address of the Register of members or to such address of the holders may in writing direct.

2. Every such cheques on warrant shall be made payable to the order of the person to whom it is sent.

3. Every dividends or warrant or cheques shall be posted within 42 days from the date of declaration of dividends.

Transfer of share not to pass prior dividends

132. Any transfer of share shall not pass the right to any dividend declared thereon before the registration of the transfer

CAPITALISATION OF PROFITS

Capitalization of Profits

133.1. The Company in General Meeting may on the recommendations of the Board

resolve:

a) That the whole or any part of any amount standing to the credit of share premium account, or the capital Redemption Reserve Account or any moneys, investments or other assets forming part of undivided profits including profits or surplus money arising from the realisation and (where permitted by law) from appreciation in value of any capital assets of the company standing to the credit of the General Reserve or any Reserve Fund or any other fund of the company or in the hands of the company and available for the distribution as dividends be capitalised and

b) That such sum be accordingly set free for distribution in manner specified in sub-clause.

2) Amongst the members who would have been entitled thereto if distributed by way of dividend and in the same proportion

3) The sum aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in sub clause (3) either in towards;

i) Paying up any amount for the time being unpaid on any share held by such members respectively or



ii) Paying up in full, unissued shares or debentures of the company to be allotted and distributed and credited as fully paid upto and amongst such members in the proportions aforesaid or

iii) Partly in the way in sub-clause (i.) and partly in that specified in sub-clause (ii.).

4) A share premium account and a capital redemption fund may for the purpose of this regulations be applied only in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.

5) The Board shall give effect to resolution passed by the company in pursuance of this Article

134. Whenever such a resolution as aforesaid shall have been passed, the Board shall,

a) make all apportion and application of the undivided profits resolved to be capitalized thereby and all allotments and issued of duly paid shares or debentures if any and

b) Generally do all acts and things required to give effect thereto.

2. The Board shall have full powers

a) make such provisions, by the issue of fractional certificates or by payment of cash or otherwise at thinks for in case of shares or debentures becoming distributable in fractions and also.

b) To authorize any person to enter on behalf of all the members entitled the reto into an agreement with the company providing for the allotment to them respectively credited as fully paid up of any further shares or debentures to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the company on their behalf by the application thereto in their respective proportions of the profits resolved to be capitalized of the amounts or any part of the amounts remaining unpaid on the existing shares.

3. Any agreement made under such authority shall be effective and binding on all such matters.

135. Power of Directors for Declaration of Bonus

a) Whenever such a resolution as aforesaid shall have been passed, the Board shall

1) Make all appropriations and applications of the undivided profits resolved to be capitalised thereby and all allotments and issues of fully paid shares, if any; and.

2) Generally do all acts and things required to give effect thereto.

b) The Board shall have full power to

1) Make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fraction; and also

2) Authorise any person to enter on behalf of all the members entitled thereto into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further shares or debentures to which they may be entitled upon such capitalisation or (as the case may require) for the payment of by the Company on their behalf, or the application therto of their respective proportions of the profits resolved to be capitalised or the amounts or any parts of the amounts remaining unpaid on the Shares.

ACCOUNTS

Books of accounts to be kept

136.1. The Board shall cause proper books of accounts to be kept in respect of sums of money received and expended by the company and the matters in respect of which such receipts and expenditure take place of all sales and purchases of goods by the company and of the assets and liabilities of the company and any other particulars as are required for the time being to be maintained under Sec.209 (1)(d) of the Act.

2. All the aforesaid books shall give a fair and true view of the affairs of the company or of its branch as the case may be with respect to the matters aforesaid and explained its transactions.

3. The books of account shall be kept at the Registered Office or such other place as the Board thinks fit.

Where the books of accounts be kept



137. The books of account shall be open for inspection by any Director during business hours.

Inspection by members

138. The Board shall from time to time determine whether and to what extent and at what time and under what conditions or regulations, the accounts and books and documents of the company or any them shall be available for inspection of the members and no member (not being a Director) shall have any right of inspecting any account or books or documents of the company except as conferred by statute or authorized by the Board or by a resolution of the company in General Meeting.

SERVICE OF DOCUMENTS AND NOTICE

Service of documents on the company

139.A Document may be served on the company or any office thereof by sending it to the company or officer at the Registered Office of the company by post under certificate of posting or by registered post or by delivering it at Registered Office.

Members to notify address in India

140. Each registered holder of share shall from time to time notify in writing to the company some place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place of residence.

Advertisement

141. Subject to the provisions of the Act, any document required to be served on or sent to the members or any of them by the company and not expressly provided for by these presents, shall be deemed to be duly served or sent if advertised in newspaper circulating in the District.

Transfer etc. bound by prior notices

Every person who by the operation of law, transfer, or other means whatsoever shall become entitled to any share, shall be bound by every document in respect of such share which previously to his name and address being entered on the Register, shall have been duly served on or sent to the person from whom he derives his title to the share.

Member bound to document given previous holders

142. Every person who by the operation of law, transfer or other means whatsoever shall become entitled to any share, shall be bound by every document in respect of such Director or officers as the Directors may appoint. The signature to any notice to be given by the company may be written or printed or lithographed.

How notice to be signed

143. Any notice to be given by the company shall be signed by the Managing Director or by such Director or officers as the Directors may appoint. The signature to any notice to be given by the company may be written or printed or lithographed.

WINDING UP

144. Subject to the provisions of the Act, as to preferential payment the assets of a company, shall, on its winding up, be applied in satisfaction of its liabilities *pari passu*, and subject to such application, shall unless the Article otherwise provide be distributed among the members according to their rights interests in the company.

Division of Assets of the company in specie



145.If the company shall be wound up whether voluntarily or otherwise the liquidators may, with the sanction of a special resolution, divide among the contributories, in specie or in kind, any part of the assets of the company, and may with the like sanction vest any part of the assets of the company, in trustees upon such trusts for the benefits of the contributories or any of them, as the liquidators with the like sanction shall think fit. In case of any shares to be divided as aforesaid involves liability to calls otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds, and the liquidators, shall, if practicable, act accordingly.

INDEMNITY AND RESPONSIBILITY

146.a)Subject to provisions of Sec.201 of the Act every director, manager, secretary, and other officers or employees of the company shall be indemnified by the company against, and it shall be the duty of the Directors out of the funds of the company to pay to tall costs, losses and expenses (including travelling expenses) which any director, officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him or in any other way in the discharge of his duties, as such director, officer or employee.

b)Subject to as aforesaid every Director, Manager, Secretary, or other officer or employees of the company shall be indemnified against any liability incurred by them or him in defending any proceedings whether civil or criminal in which judgment is given in their or his favour or in which he is acquitted or discharged or connection with any application under Sec.633 of the Act in which relief is given to him by the Court, and without prejudice to the generality of the foregoing, it is hereby expressly declared that the company shall pay and bear all fees and other expenses incurred or incurables by or in respect of any Director for filing any return, paper or document with the Registrar of companies or complying with any of the provisions of the Act in respect of or by reason of his office as a Director or other officer of the company.

Not responsible or acts of others

147.Subject to the provisions of Sec.201 of the Act, no director or other officer of the company shall be liable for the acts, receipt, neglects or defaults of any other director or officer, or for joining in any receipts or other act for conformity for any loss or expense happening to the company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the company or the sufficiency or deficiency or any security in or upon which any of the moneys of the company shall be invested, for any loss or damages arising from the bankruptcy, insolvency, or tortuous act of any person, company or corporation with whom any entrusted or deposited for any loss occasioned by any error of judgment or oversight on his part or for any loss damage or misfortune, whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happens through his own act or default.

Secrecy Clause

148.a)No member shall be entitled to visit or inspect the company's works without the permission of the Director or Managing Director to require discovery of any information in respect of any detail of the company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or which may relate to the conduct of the business of the Directors it will be inexpedient in the interest of the company to communicate to the public.

b)Every Director, Managing Director, Manager, Secretary, Auditor trustee, members of the committee, officer, servant, agent, accountant or other person employed in the business of the company, shall if so required by the Directors before enter upon his duties or any time during his terms of office sign a declaration pledging himself to observe strict secrecy respecting all transactions of the company and state of accounts and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in his discharge of duties except when required so to do by the Board or by any General Meeting or by a Court of Law or by the persons to whom such matters relate and except so for as may be necessary in order to comply with any of the provisions contained in these Articles.



SECTION: X: OTHER INFORMATION

I. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

The following Contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies, located at Kendriya Sadan, Sultan Bazaar, Hyderabad, Andhra Pradesh for registration and also the documents for inspection referred to hereunder, may be inspected at the administrative office of the Company situated at 1-7-297/18, above Godrej Show Room, 125 MG Road, Secunderabad: 500 003, Andhra Pradesh, India from 10.00 a.m. to 4.00 p.m. from the date of this Red Herring Prospectus until the Bid/ Issue Closing Date.

A. Material Contracts to the Issue:

1. Letter of appointment of M/s. Centrum Capital Limited and M/s. Khandwala Securities Limited as Book Running Lead Managers dated May 11, 2005.
2. Memorandum of Understanding entered into with M/s. Centrum Capital Limited dated June 25, 2005 and with M/s. Khandwala Securities Limited dated June 29, 2005 to act as Book Running Lead Managers to the Issue along with Inter – Se Allocation of Responsibility.
3. Memorandum of Understanding dated June 29, 2005 entered into with M/s. Bigshare Services Private Limited to act as Registrar to the Issue.
4. Copy of tripartite agreement among NSDL, the Company and the Registrar, M/s. Bigshare Services Private Limited dated [●];
5. Copy of tripartite agreement among CDSL, the Company and the Registrar, M/s. Bigshare Services Private Limited dated [●];
6. Syndicate Agreement dated [●] and Escrow Agreement dated [●].
7. Underwriting Agreement dated [●] among the Company, the BRLMs and the Syndicate Member.
8. Tender SR7 submitted to the Oil Companies.
9. Copy of Land Purchase agreement for the land admeasuring 20 acres in S.No.32/ID, 20 acres in S.No.32/1C and 30 acres in S.No.32/1E aggregating 70 acres, situated at: Mouli Gram, Elkatur village, H/O MSVM Puram, Panchayath, Nindra Mandalam, Chittoor Dist., Andhra Pradesh, India.
10. Copy of sub lease agreement for the administrative office at 1-7-297/18, above Godrej Show Room, 125 MG Road, Secunderabad: 500 003

B. Material Documents

1. Memorandum and Articles of Association of the Company as amended from time to time;
2. Original Certificate of incorporation dated October 31, 1994 issued by the Registrar of Companies, Hyderabad, Andhra Pradesh.
3. Fresh Certificates of Incorporation dated July 21, 1999 and May 24, 2002 and resolutions pertaining to Change in name of the Company since inception.
4. Fresh Certificate of Incorporation consequent dated May 27, 2005 upon change in name on conversion to Public Limited Company and resolutions for such change.
5. Resolution of the board dated May 28, 2005 in relation to the appointment and remuneration of Executive Chairman, Executive Director and Whole Time Directors along with form 25C with RoC fee receipts.
6. Copy of the resolution passed at the meeting of the Board of Directors held on May 2, 2005 and resolution passed under section 81(1A), 293(1)(d) of the Companies Act, 1956 at the Annual General Meeting of the Company held on May 10, 2005 authorising the issue.
7. Resolution dated May 30, 2005 for borrowing powers



8. Copies of Annual reports of the Company and its subsidiaries for the years ended 31st March 2001, 2002, 2003, 2004 & 13 months ended 30th April 2005;
9. Resolution of the members of the company passed at the Annual General meeting held on May 10,2005 appointing Mr. V. Sasidhar, Chartered Accountants as the statutory auditors.
10. Report of the Auditors, Mr. V. Sasidhar, Chartered Accountant, dated October 3, 2005 as mentioned in the Draft Red Herring Prospectus.
11. Letter dated October 3, 2005 from the auditors of the company Mr. V. Sasidhar, Chartered Accountants confirming tax benefits as mentioned in the Draft Red Herring Prospectus.
12. Consent letter dated October 3, 2005 from Mr. V. Sasidhar, Chartered Accountant for inclusion of his reports on accounts and tax benefits in the form and context in which they appear in the Draft Red Herring prospectus.
13. Certificate from Mr. V. Sasidhar, Chartered Accountant dated October 3,2005 regarding the sources and deployment of funds.
14. Copy of the Board Resolution dated August 8, 2005 regarding appointment of the company secretary along with the relevant forms for RoC filing.
15. Copy of the Board Resolution dated October 18, 2005 regarding appointment of the compliance officer along with the relevant forms for RoC filing.
16. Copy of Board Resolution dated October 18, 2005 approving the Draft Red Herring Prospectus;
17. Consents of Auditors, Bankers to the Company, BRLMs, Syndicate Members, Underwriters, Legal Advisors, Directors, Company Secretary, Compliance Officer, Registrars and Bankers to the Issue, to include their names in the Red herring prospectus to act in their respective capacities.
18. Letter of Appointment for R.R. Associates, Advocates & Solicitors as Legal Advisors to the Issue dated July 20, 2005.
19. Copy of letter dated November 3, 2005 from M/s R.R.Associates, Advocates & Solicitors as Legal Advisors to the Issue for vetting and approval of Draft Red Herring Prospectus.
20. Resolution of the meeting of the board of directors held on June 6, 2005 for the formation of the company's audit committee, Investor Grievances Committee and Remuneration Committee.
21. General Powers of Attorney executed by the Directors of the Company authorising Mr.C,Balamouli_as constituted attorneys to make necessary corrections and to sign and approve this Red Herring Prospectus and other related documents;
22. Copies of Listing Application made to BSE and NSE dated [•] and [•] respectively;
23. In-principle listing approvals from BSE and NSE dated [•] and [•] respectively;
24. Due Diligence Certificate dated November 19, 2005 to SEBI from M/s. Centrum Capital Limited and M/s. Khandwala Securities Limited.
25. SEBI observation letter No. [•] dated [•] and reply of the BRLMs to the same dated [•].
26. State Bank of India loan sanction letter dated November 29, 2002and the appraisal report dated 29-11-2002 appraising the start up projects of the company.
27. No-objection certificate dated June 6, 2005 from State Bank of India for the issue. The Company was sanctioned banking facilities to the tune of Rs. 172 lacs from SBI, IFB, Hyderabad for meeting the working capital requirements of our Company.
28. Copies of quotations obtained and purchase orders for the purchase of equipments for expansion.
29. Board Resolution dated [•] fixing the Issue Price of Rs. [•] per Equity Share of face value Rs. 10/- each.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



II. DECLARATION

This is to confirm that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 and rules made thereunder. All the legal requirements connected with the said Public Issue as also the guidelines; instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

We, the Directors of Ammana Bio Pharma Limited declare and confirm that no information/material likely to have a bearing on the decision of the investor in respect of the equity shares offered in terms of this Offer Document have been suppressed/withheld and/or incorporated in a manner that would amount to misstatement/misrepresentation and in the event of it transpiring at any point of time till Allotment/refund, as the case may be, that any information/material has been suppressed/withheld and/or amounts to misstatement/misrepresentation, we undertake to refund the entire application moneys to all the subscribers within seven days thereafter, without prejudice to the provisions of Section 63 of the Act.

Since the date of last financial statement disclosed in this Draft Red Herring Prospectus, there have been no circumstances that materially and adversely affects or is likely to affect the profitability of the Company or the value of its assets or its ability to pay off its liabilities within a period of next twelve months.

The Directors of the Company and Mr. B.G.K. Murthy, Executive Director of the Company certify that all disclosures made in the Offer Document are true and correct.

SIGNED BY

Sr. No.	Name of The Director	Signature
1	Mr.C.BALAMOULI, Chairman	
2	Mr. B.G.K.MURTHY, Executive Director	
3	Mr. PREM GOYAL, Director (Through his Constituted Attorney Mr. C. Balamouli)	
4	Mr. ZAHEER-UL-EHSAN, Director (Through his Constituted Attorney Mr. C. Balamouli)	
5	Mr. K. SREEDHAR REDDY, Director (Through his Constituted Attorney Mr. C. Balamouli)	
6	Mr.T. S. RAGHAVAN, Director (Through his Constituted Attorney Mr. C. Balamouli)	
7	Mr. K. N. PADMANABHAN, Director (Through his Constituted Attorney Mr. C. Balamouli)	
8	Dr. C. DEEPAMOULI, Director (Through his Constituted Attorney Mr. C. Balamouli)	
9	Mr. C. S. Rama Murthy, Finance Manager	

Place: Secunderabad.

Date: November_____, 2005