

**MANGALAM DRUGS AND ORGANICS LIMITED**

(Regn No: 11- 116413)

(Old Regn. No.: 04-26727 and 15758 of 1972-73)

(Incorporated on April 18, 1972 as a Private Limited Company under the name Advent Pharma Private Limited under the Companies Act, 1956. The name was changed to Mangalam Drugs and Organics Private Limited w.e.f. July 1, 1997. It became a deemed public company and word 'private' was deleted in the Certificate of Incorporation effectively September 22, 1997. Subsequently, the Company was converted into a public limited company for which Certificate of Incorporation was obtained on September 19, 2001)

Registered & Corporate Office: 292, Princess Street, 2nd Floor, Near Flyover, Marine Lines, Mumbai - 400002**Tel:** 022-22087969/22087411 **Fax:** 022- 22087074

(The Registered Office was shifted from 292, Princess Street, 2nd Floor, Near Flyover, Marine Lines, Mumbai 400002 to Plot No. 187, GIDC, Vapi, Dist. Valsad, Gujarat vide CLB Order dated June 3, 1994. It was shifted back to 292, Princess Street, 2nd Floor, Near Flyover, Marine Lines, Mumbai 400002 vide CLB Order dated July 31, 1998)

Vapi Works: Plot No. 187-Phase II and Plot No. 1203-Phase III, GIDC, Vapi, Dist. Valsad, Gujarat 396 195.**Tel:** 0260-2430598/2432143 **Fax:** 0260-2431919**Sangamner Works:** Plot Nos. 11, 29 to 32, 35, 37 & 38, Sangamner Sahakari Audhyogik Vasahat Ltd., Sangamner Dist. Ahmednagar – 422 605**Tel:** 02425-259051/2 **Fax:** 02425-259050**E-mail:** mangalam_drugs@vsnl.com **Website:** www.mangalamdrugs.com

PUBLIC ISSUE OF 65,00,000 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PRICE BAND OF RS.20-22/- EACH AGGREGATING TO RS. 13,00,00,000 AT THE MINIMUM PRICE AND RS.14,30,00,000 AT THE MAXIMUM PRICE IN THE BAND (HEREINAFTER REFERRED TO AS THE 'ISSUE'). THE ISSUE PRICE IS 2 TIMES OF THE FACE VALUE AT LOWER PRICE BAND AND 2.2 TIMES OF THE FACE VALUE AT HIGHER PRICE BAND OF THE FACE VALUE. (THE COMPANY SHALL DETERMINE THE FINAL PRICE BEFORE FILING THE PROSPECTUS WITH ROC.)

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of equity shares of MANGALAM DRUGS AND ORGANICS LIMITED (the "Company"), there has been no formal market for equity shares of the Company. The face value of the shares is Rs.10/- and the issue price is 2 times, of the face value at lower price band and 2.2 times, of the face value at higher price band. The issue price (as determined by the company in consultation with lead managers and on the basis of assessment of market demand for the equity shares) 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 nor regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

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

ISSUER'S ABSOLUTE RESPONSIBILITY

"MANGALAM DRUGS AND ORGANICS LIMITED having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to MANGALAM DRUGS AND ORGANICS LIMITED and the Issue, which is material in the context of the Issue, that the information contained in this Prospectus is true and correct in all material 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 Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect."

LISTING ARRANGEMENTS

The equity shares offered through this Prospectus are proposed to be listed on The Stock Exchange, Mumbai (BSE) (Designated Stock Exchange) and the National Stock Exchange of India Limited, Mumbai (NSE). Applications are being made to these stock exchanges for permission to deal in and for official quotation in respect of the equity shares arising out of the present public issue. The in-principle approvals from these stock exchanges are yet to be received for listing of the equity shares.

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
 KHANDWALA SECURITIES LIMITED (SEBI Regn. No.: INM000001899) Vikas Building, Ground Floor Green Street, Fort Mumbai – 400023 Tel: 91-22-22642300; Fax: 91-22-22615172 E-mail: ibg@kslindia.com	 INTIME SPECTRUM REGISTRY LIMITED (SEBI Regn.No.: INR000003761) C-13, Pannalal Silk Mills Compound LBS Marg, Bhandup (W) Mumbai 400078 Tel : 91-22-55555491-4; Fax : 91-22-55555499 E-mail: mangalam@intimespectrum.com

ISSUE PROGRAMME**ISSUE OPENS ON : DD-MM-2004****ISSUE CLOSES ON : DD-MM-2004**



INDEX

	Particulars	Pg No.
I	Definitions/Abbreviations	-
II	Forward – Looking Statements: Market Data	i
III	Risk Factors and Management Perceptions	i
Part I	I. General Information	1
	A) Name and Address of the Company	1
	B) Authority for the Present Issue	1
	C) Government/ Statutory Approvals	1
	D) Prohibition by SEBI	3
	E) Eligibility for the Issue	3
	F) Disclaimers	4
	G) Filing	6
	H) Listing	6
	I) Undertaking from Promoters and Directors	6
	J) Corporate Governance	7
	K) Application in Fictitious Names	7
	L) Minimum Subscription	7
	M) Utilisation of Issue Proceeds	7
	N) Allotment Letters/Refund Orders	7
	O) Issue Schedule	8
	P) Undertaking by the Issuer Company	8
	Q) Issue Management Team	9
	II. Capital Structure of Company	11
	III. Terms of Present Issue	17
	A) Authority for the Present Issue	17
	B) Principal Terms and Conditions	17
	C) How to Apply	18
	D) Utilisation of Issue Proceeds	25
	E) Tax Benefits to the Company and its Members	26
	IV. Particulars of the Issue	32
	A) Objects of the Issue	32
	B) Cost of the Project and Means of Finance	32
	C) Details of Cost of Project	33
	V. Company and the Management	39
	A) History and Background	39
	B) Main objects of the Company	42
	C) Subsidiaries of the Company	43
	D) Other Group Companies and Venture Companies	43
	E) The Promoters of the Company	48
	F) Board of Directors	51
	G) Organization Chart	54
	H) Key Managerial Personnel	55
	I) Corporate governance	57
	VI. Industry Overview	60
	VII. Business Overview	67
	VIII. Management Discussion and Analysis	83
	A) Analysis of Financial Statements	83
	B) Basis of Issue Price	86
	C) Stock Market Data	88
	IX. Outstanding Litigations/Disputes/Defaults	89
	X. Material Developments	90
	XI. Risk Factors & Management Perceptions Thereof	91
Part II	A. General Information	102
	B. Financial Information	107
	Restated Financial Statements as per Indian GAAP	107
	C. Statutory and Other Information	124
	D. Main Provisions of the Articles of Association of the Company	126
	E. Material Contracts and Documents for Inspection	140
Part III	Declaration	141



I. DEFINITIONS AND ABBREVIATIONS

4 MEP	4 - Methoxy Ethyl Phenol
Act	The Companies Act, 1956
API	Active Pharmaceutical Ingredients
Applicant	Any prospective investor who makes an application for shares in terms of this Prospectus
Application Form	The form in terms of which the investors shall apply for the equity shares of the Company
Articles	Articles of Association of MANGALAM DRUGS AND ORGANICS LIMITED
Board	Board of Directors of MANGALAM DRUGS AND ORGANICS LIMITED or a committee thereof
BP	British Pharmacopoeia
BSE/ Designated Stock Exchange	The Stock Exchange, Mumbai
CDSL	Central Depository Services (India) Limited
CLB	Company Law Board
CQP	Chloroquine Phosphate
DCA	Department of Company Affairs
Depositories Act	The Depositories Act, 1996 as amended from time to time
Depository	A Depository registered with SEBI under the SEBI (Depositories & Participant) Regulations, 1996 as amended from time to time
DP	Depository Participant
DTDBA	Di thio Di Benzoic Acid
EMME	Ethoxy Methylene Malonic Ester
EP	European Pharmacopoeia
EPS	Earnings Per Share
Equity Shares	Equity Shares of the Company
ESOP	Employees Stock Option Plan
ESOS	Employees Stock Option Scheme
ETP	Effluent Treatment Plant
FDA	Food and Drugs Control Administration
FEMA	Foreign Exchange Management Act, 1999
FI	Financial Institution
FII(s)	Foreign Institutional Investor(s)
Financial Year or Fiscal Year	The twelve months ended March 31st of a particular year
Fresh Issue/Issue	The issue of 65,00,000 equity shares of Rs. 10/- each at a premium of Rs10 to Rs.12 per share as per this Prospectus
GEB	Gujarat Electricity Board
GIDC	Gujarat Industrial Development Corporation
GMP	Good Manufacturing Practices
GOI	Government Of India
GPCB	Gujarat Pollution Control Board
HUF	Hindu Undivided Family
IDBI	Industrial Development Bank of India
IP	Indian Pharmacopoeia
Issue Closing Date	The date on which the issue closes for subscription
Issue Opening Date	The date on which the issue opens for subscription
Issue Period	The period between the Issue Opening Date and Issue Closing Date and includes both these dates
Issue Price	The price at which the equity shares will be issued by the Company under this Prospectus
Issuer/Company/Mangalam/MDOL	MANGALAM DRUGS AND ORGANICS LIMITED
IT Act	Income Tax Act, 1961



Lead Manager/LM	Lead Managers to the Issue i.e. Khandwala Securities Limited
MCA	Meta Chloro Aniline
Memorandum	Memorandum of Association of MANGALAM DRUGS AND ORGANICS LIMITED
MOPL	Mangalam Organics Private Limited
MPCB	Maharashtra Pollution Control Board
MRPL	Mangalam Rasayan Private Limited
MSC	Methane Sulphonyl Chloride
MSEB	Maharashtra State Electricity Board
NAV	Net Assets Value
NRI(s)	Non-Resident Indian(s)
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB(s)	Overseas Corporate Bodies as defined under Indian laws
Offer Document/Prospectus	The Prospectus filed with the ROC containing inter alia the Issue price and the number of equity shares to be issued, issue price and other incidental information
OPA	Ortho Phenoxy Aniline
PAN	Permanent Account Number
PAT	Profit After Tax
PBDT	Profit Before Depreciation and Tax
PBIDT	Profit Before Interest, Depreciation and Tax
PBT	Profit Before Tax
RBI	Reserve Bank of India
Registrars	Registrar to the Issue, i.e., Intime Spectrum Registry Limited
ROC	Registrar of Companies, Maharashtra at Mumbai
SB	The Saraswat Co-operative Bank Limited
SBI	State Bank Of India
SCRR	Securities Contracts (Regulation) Rules, 1957 as amended from time to time
SE / Stock Exchange(s)	BSE and NSE
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Guidelines	Means the extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000
SMPPL	Shree Mangalam Pharma Private Limited
USP	United States Pharmacoeopia
UWB	The United Western Bank Limited
WHO	World Health Organisation



II. FORWARD-LOOKING STATEMENTS; MARKET DATA

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

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

For further discussion of factors that could cause the Company's actual results to differ, see the section entitled “Risk Factors” beginning on page no. (i) of this Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. In accordance with SEBI requirements, the Company will ensure that investors are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

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

III. RISK FACTORS AND MANAGEMENT PERCEPTIONS THEREOF

The Investor(s) should consider carefully the following risks factors, together with other information contained in this draft Prospectus before they decide to buy the Company's equity shares. Risks have been quantified, wherever possible. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's equity shares could decline and you may lose all or part of your investment.

INTERNAL RISK FACTORS

1. Any failure to keep abreast with the latest trends in the chemical and process technologies may adversely affect company's cost competitiveness and ability to develop newer generation products.

Management Perception:

The company has a dedicated, qualified and experienced team of research personnel who are abreast with the latest trends. The existing research facility is fully equipped with modern equipment and qualified scientists

2. The deployment of funds in the project is entirely at the discretion of the Issuer and is not subject to monitoring by any independent agency. Further the cost of the project and the means of finance have not been appraised by any Bank/ Financial Institution / Merchant Banker and are company's own estimates. In addition, the project is subject to various variables such as possible cost overrun, construction delays/defects.

Management Perception:

The project cost has been estimated by the company and based on implementation of similar projects in the past. The estimates of the project cost are believed to be fair and reasonable. The company believes that it has the requisite project execution abilities. Further, the Issuer has internally formed a project team consisting of persons from technical and finance departments. This committee will report on a regular basis to the Board and the Audit Committee with a view to ensure timely execution of the project



3. The project is mainly funded by Public Issue; any delay in raising funds from the public issue may delay the implementation of the project, which may have an adverse impact on the performance of the company.

Management Perception:

The existing operations of the company are profitable and the company shall meet any unforeseen cost escalation from the internal accruals

4. The Company has not initiated steps to purchase land for setting up its Aluminium Chloride (Anhydrous) Project. Consequently, the approvals relating to the purchase of land and setting up the project, as well as, the approvals required for running the project has not been applied for. Inability or delay in buying the land and obtaining the approvals required, as listed elsewhere, for setting up the project shall adversely impact the expansion plans.

Management Perception:

The company has already identified the land to be purchased for setting up the Aluminium Chloride (Anhydrous) Project. The same is readily available. The Company does not foresee any difficulty in buying the land required for the same, as well as, in obtaining the approvals required for setting up the project. It has in the past obtained such approvals for its facilities in Vapi & Sangamner and is fully conversant with the legal & procedural requirements.

5. The company has not placed orders for plant and machinery/equipments, which is to be financed from the proceeds of the Issue and has been included in the objects of the issue.

Management Perception:

The company has identified vendors for most of the major plant & machinery/equipment required for the project. It shall place orders / Letter of Intent in respect of the same closer to the date of actual installation as the lead time for delivery of these items of plant and machinery is less. For the balance, the company does not perceive problems in procuring them as they are easily available and have short set-up and implementation time.

6. The R&D activities are core to company's business model. However, as in any R & D activity, no assurance of returns on these investments can be given.

Management Perception:

Though no assurance can be given with regard to the R& D activities being beneficial to the company, but the growth of the company would not have taken place without continuous R & D efforts.

7. The prices of the raw materials/ solvents consumed by the Issuer are susceptible to volatility. A majority of these raw materials are basic chemicals, the demand for which is not dependent on demand by the pharmaceutical industry. The other industries, which are generally much bigger consumers of such chemicals, tend to determine the market prices of such basic chemicals. Such volatility may adversely affect company's profitability.

Management Perception:

The raw materials consumed are general chemicals and are available in India as well as in many countries around the world at competitive prices. The company does not foresee any problem in procuring the raw material/solvent at competitive prices.

8. There could be any delay in the schedule of implementation of the proposed project, which may have an adverse impact on business.

Management Perception:

The company has the requisite experience in the execution of projects and incurring capital expenditure. The Issuer in addition to the establishment/additions at Vapi unit, has constructed, erected and commissioned 8 production facilities and various utility and infrastructure blocks since inception at Vapi and Sangamner. Even if there is any delay in the implementation, the company has sufficient flexibility to take care of the additional initial business, by realigning its priorities during the delayed period, if any.

9. The Company has been granted the GPCB Authorisation for collection, Storage, Transport, Disposal, Incineration, selling under the Hazardous Waste (Management and Handling) Rules-



1989 and Amended Rules-2000 for Plot No. 187 and Plot No. 1203 at GIDC, Vapi vide their letters dated 13/08/2002 and 31/01/2003. Fresh application for obtaining GPCB Authorisation for collection, storage, transport, disposal etc under the Hazardous Waste (Management and Handling) Rules-1989 and Amended Rules-2000 shall be made in due course of time to carry out the proposed activity relating to Bulk Drugs production. Inability to obtain or delay in obtaining the said approval would adversely affect the expansion plans.

Management Perception:

As the part project envisages expansion of facilities located at the existing location, which have received approvals from Gujarat Pollution Control Board, in the immediate past the Company does not see any difficulty in obtaining necessary permission at an appropriate time.

10. The company's sustained growth depends on its ability to attract and retain skilled chemists and scientists, as R&D is a key component of its business model. Failure on the part of the company to attract and retain skilled manpower could adversely affect its growth strategy. The Company's success depends partly on its senior management and key personnel and partly on its ability to attract and retain them.

Management Perception:

The Company provides an extremely challenging, open and professionally satisfying work environment to the employees. Most of its senior employees have been with the company for an extensive period of time. Further company's salary structure is in line with the industry norms. It does not foresee any difficulty in attracting and retaining high caliber personnel

11. The company may require employing additional contract labour for implementing its project. Inability to obtain or any delay in obtaining contractual labour would adversely effect the implementation and execution of expansion plans.

Management Perception:

Currently the company has the approval for engaging upto 36 number of contract labour for Plot No. 187 and 70 numbers of contract labour for Plot No. 1203, for loading and unloading activities under the Licence No. MNK/CO. L.A./6/2004 dated 20/04/2004 issued by Asst. Labour Commissioner, Valsad. The said license shall expire on 31/03/2005. The company does not foresee any problem in obtaining approval for additional contract labour required by it and renewal of existing License granted by Asst. Labour Commissioner, Valsad.

12. In the recent past, there had been instances of hydrochloric acid leak at the factory at Sangamner which resulted in people living nearby suffer from breathlessness and dizziness. MPCB had shut down the unit. The same is closed till date. Earlier in the year 2001, the court had commissioned a study by IIT, Mumbai, which had found lacunae in the pollution control and safety measures at the unit at Sangamner. During the year 2003, IIT had confirmed that the company had complied with remedial measures, and the court lifted stay on production in the factory. One-man committee was appointed by the court to look into the larger issue of pollution. The report is awaited.

Management Perception:

The Company has already received Pollution Clearance Certificate dated 29.06.2004 from MPCB for operation of the Unit. In the meantime, the Company is getting job work done from outside sources, so that there is no loss of turnover or profitability due to the closure without compromising on the quality and security issues. The Company has initiated necessary steps to commence production and the same is expected to start shortly.

13. The Promoter and the Promoter Group currently hold 100% of the present paid up equity capital, which would decrease to 50.68% post Issue. Being majority stakeholders, the Promoter and the Promoter Group have the ability to exercise significant influence over matters requiring shareholder's approval, as only 49.32% of the fully diluted post-issue paid up capital is being offered in this Issue. The shareholders arising out of this Issue may not be in a position to influence any decision taken by the Promoter and the Promoter Group.

Management Perception:

The company operates in an open and professional manner. The Board of Directors on a joint consultative basis takes important corporate decisions.



14. Contingent Liabilities not provided for by the company as on 31st March, 2004, 31st March, 2003 and 31st March, 2002 and for quarter ended 30th September 2004 as appearing in the Audited Annual report for the said period are as given below.

CONTINGENT LIABILITIES:

(Rs. in Lacs)

PARTICULARS	March 31,2002	March 31,2003	March 31,2004	September 30,2004
(i) Guarantees given to suppliers	90.00	92.75	125.00	15.00
(ii) Guarantee executed in favor of Assistant Collector of Customs	102.00	106.08	69.77	24.00
(iii) Guarantee executed in favor of Assistant Collector of Central Excise	25.00	25.00	Nil	7.69

Crystallization of any of the above liabilities may require the company to honour the demands, if any, which may adversely impact the company's liquidity and thereby have material adverse impact on the financial resources and net worth.

Management Perception:

The contingent liabilities are in the normal course of business and the company does not perceive the possibility of any liabilities being crystallized.

15. The Company has disputed the following claims raised by the Revenue Authorities, and as such have not paid the demands raised by these authorities.

Nature of Demands	Amount (Rs. In Lacs)	Forum where dispute is Pending
1) Excise Duty	5.35	Central Excise and Service Appellate Tribunal
"	2.84	Excise Department Authorities
2) Income Tax	43.54	Commissioner of Income Tax (Appeals)

Management Perception:

The Company has contested the claims of the Revenue Department(s) before the concerned Appellate Authorities. The operations of the Company as also the financial performance is not likely to materially adversely affect in any manner on account of these disputed demands.

16. Pending utilization in the project, the proceeds of the issue will be invested in non – productive assets such as Government securities and Bank Deposits in short and medium term. This deployment may result in inadequate returns to the company.
17. Any future equity offerings by the issuer and/or its existing shareholders, or the issue of options under an employee stock option plan, may lead to dilution of the shareholding or affect the market price of the Equity Shares.

Management Perception:

An ESOP Scheme serves as a strong motivational value for employees, which in turn contributes towards enhancement of shareholder's value.

18. IMP Power Ltd. an associate listed company of the promoters is incurring losses in the last three years and presently being traded at a price below the issue price. The said company has submitted a Debt Restructuring package to the banks/financial institutions, wherein the Company has approached the Banks and Financial Institutions for rescheduling of principal and interest payments, waiver of certain interest payments and reduction of rate of interest.

Management Perception

The Company suffered owing to non performance by SKODA.ETD in the technical/buyback collaboration; recessionary trends in the transformer market; slow realization from the State Electricity Boards and freezing of sanctioned non fund based limits by the Banks. To become competitive the company is presently focusing on exports; cost reduction measures; sale of non-core assets. The company as a part of rehabilitation package submitted a proposal for corporate debt restructuring (CDR) and the same is under consideration of the appropriate authority.



19. There have been instances of delay on the part of IMP Power Limited and IMP Finance Limited, listed associate entities of the promoters in complying with the requirements of the Listing Agreement with the Stock Exchange(s). The companies have also failed to make appropriate disclosure within the stipulated time as required under the SEBI (Substantial Acquisition of Shares & Takeovers). These companies have received a notice from SEBI for Violation of Takeover Regulations for Settlement by Consent Order.

Management Perception

The said companies have taken note of the non-compliances with the provisions of the listing agreement and with the requirements as laid down in the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997. It shall henceforth be more vigilant in complying with various requirements on timely basis. These Companies had received notice from SEBI regarding violation of Takeover Regulations for Settlement by Consent Order. The same has already been replied to. Further response from SEBI is awaited in the matter.

20. There has virtually been no trading in the shares of IMP Finance Ltd. a listed company, listed on the Stock Exchanges.
21. Some of Mangalam Drugs and Organics Limited, associate companies have incurred losses in the last three years as set out in the table below:

(Rs. in Lacs)

Associate Companies	2004	2003	2002
Shree Rasbihari Trading & Investments Pvt. Ltd.	(1.83)**	(1.67)	1.71
Shree Kishoriju Trading & Investments Pvt. Ltd.	2.04**	(2.60)	0.11
IMP Power Ltd.	(1046.23)	(294.41) *	125.02 *
IMP Finance Ltd	111.49	20.41	6.41

* These figures are for a period of 15 months.

** These Figures are provisional and unaudited.

22. The success of the Company's business depends on its management team. Loss of any key managerial person can adversely affect its business.

Management Perception:

The Company provides an extremely challenging, open and professionally satisfying work environment to its employees.

23. The Company has not entered into any tie-up for the purpose of arranging working capital for the projects enumerated in the 'Objects of the issue'.

Management Perception:

The Company has never faced problems in raising working capital due to fundamental strength of its business model and strong asset base. The pre-issue debt equity ratio is 0.39:1, gives the Company inherent borrowing capabilities. However, the margin working capital required has been factored in as part of the objects of the current issue.

24. The interest rates on term loans availed by the company is significantly higher than the prevailing market rate. In a soft interest rate scenario the company's margin will be affected due to its higher cost of borrowing.

Management Perception:

The term loan outstanding as on 30th September 2004 amounts to Rs. 743.66 lacs .The average cost of borrowing works out to 15%p.a. The company has approached the Banks/Financial Institutions for reduction in the interest rates on their borrowings. The amount of loan is small and so the adverse effect on company's margin will not be significant. However, the repayment of some of the high interest bearing term loan is one of the objects of the issue

25. The Company has obtained a Rupee Term loan from IDBI for Rs. 550 Lacs. Under the terms and conditions of the loan agreements executed with IDBI, the prior sanction of IDBI is required to be obtained by the company before any fresh capital can be issued, or the Memorandum and Articles of the Company amended. Further, there are restrictive covenants in agreements the company has entered into with certain banks and financial institutions for short-term loans and



long-term borrowings. Some of these restrictive covenants require the company to obtain prior permission of the said banks/financial institutions for declaration of dividends, alteration of the capital structure, entering into any merger/amalgamation, expenditure in new projects, change in the key personnel, change in company's constitutional documents and the right to appoint a nominee director on the Board of Directors upon an event of default.

Management Perception:

IDBI from whom the financial assistance has been availed by the company has accorded their 'no-objection' to the plans of the company to access the capital market. As regards restrictive covenants in the agreements entered into with the banks/ financial institutions the company in the past has obtained the concurrence for those activities and does not foresee any problem in obtaining the same in future.

26. Any disruption in the supply of power and water could disrupt our business process or subject it to additional costs.

Management Perception:

The power required at both Vapi units is sourced from the GEB and of Sangamner Unit is sourced from the MSEB. The company has entered into a contract with the GEB for the supply of 375 KVA and 350 KVA of electricity for Plot No. 187 and for Plot No. 1203 respectively. Further, it also has 1 DG set with a capacity of 300 KVA and 2 DG sets with a capacity of 325 KVA at the Plot No. 187 and Plot No. 1203, Vapi respectively, which can supply 100% of the electricity required by it, in case of any disruption of electricity supply from GEB/ MSEB. The Sanctioned Load for Sangamner Unit is 45 KVA.

OUTSTANDING LITIGATIONS / DEFAULTS / DISPUTES:

Against the Company:

There has been no prosecution criminal or civil and no outstanding litigation including disputed tax liability, except as mentioned at point no.15 above against anyone of the board of directors or promoters of the company or other ventures of the promoters/associate companies.

There has been no default in meeting statutory dues against the company. The Company has no overdue defaults to financial Institutions/Banks.

Against the Board of Directors/Promoters:

There has been no default in meeting the statutory dues and other dues and claims against the Board of Directors/Promoters. There are no pending litigations against the promoters/Directors in their personal capacities involving violation of statutory regulations or criminal offences.

There are no proceedings initiated for economic offences against the Directors/Promoters.

Cases by the Company:

The following are the cases filed by the company under Section 138 of Negotiable Instrument Act for dishonour of cheque received by the company on and a case against a past employee of the Company before Valsad Labour Court:

Sr. No	Name of the party, Location & Case No.	Amount (in Rs.)	Date of Issue of legal notice	Status as on date	Remarks
1.	Bengal Immunity Limited, Calcutta Case Nos. 1825 & 1826/S/99, 28 th Court	11,041,908.00	04.05.1999	Kept for evidence	The suit has been filed before the Metropolitan Magistrate 28th Court. The next date of hearing is on 13.12.04.
2.	Sethna Case No. 2627/S/2002) 23rd Court (Old No. - Case No. 556/S/98, 37th Court as the same was	1,250,000.00	19.08.95	Kept for evidence	The suit filed is presently before the Metropolitan Magistrate



	shifted from 37th to 23rd Court)				23 rd Court. The next date of hearing is on 6.1.05
3.	Serene Industries Limited - Case No. 577/S/2002), 23rd Court	1,507,405.00	07.10.96	Legal Notice and summon issued	The suit has been filed before the Metropolitan Magistrate 23 rd Court The next date of Hearing is on 30.12.04
4.	Serene Industries Limited - Case No. 578/S/2002) 23rd Court	184,000.00	07.10.96	Legal Notice and summon issued	The suit has been filed before the Metropolitan Magistrate 23rd Court The next date of Hearing is on 30.12.04
5.	Ex-Employee Mr. Nandlal Prashad Sharma. Ref. (LCV) case No. 472/99 at Labour Court, Valsad	Workman Prayed before the Court for his reinstatement with full Back wages and other benefits with cost.	12.11.1998	Matter is pending for Company's evidence	Company is asked to bring witnesses, relevant documents and information regarding the gainful employment from the date of leaving i.e. 07.11.1998 till date / till disposal of the case.

EXTERNAL RISK FACTORS

1. The Company operates in a globally competitive business environment. Growing competition may force it to reduce the prices of its products which may reduce its revenues and margins and/or decrease its market share, either of which could have a materially adverse effect on its business, financial condition and results of operations.

Management Perception:

The company is focusing on long-term contracts in global and local markets, which have an agreed pricing formula. Further through its R & D efforts it constantly endeavors to develop / modify the new / existing processes to improve yield / reduce costs.

2. Any change in regulatory environment may have an impact on Issuer's business. Its operations are subject to extensive regulation by numerous governmental authorities. Any change in the regulatory policies may have an impact on its business.

Management Perception:

The company keeps itself abreast of the various developments relating to the regulatory environment and gears itself to comply with such regulatory changes.

3. Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which the company import its raw materials and/or export its products to, will have an impact on the profitability.

Management Perception:

Company's exports and imports are spread over many countries, which would negate any adverse impact.



4. The Government of India has announced the gradual elimination of some of the income tax exemptions that are available to the Indian exporters. Non-availability of these tax exemptions will increase company's future tax liabilities and adversely affect the profitability in future.
5. Terrorist attacks and other acts of violence or war involving India and other countries where the company sell its products could adversely affect its business. Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001, New Delhi on 13th December, 2001 and Bali on 12th October, 2002, and other acts of violence or war, including those involving India, the United States, European Union, or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect business, results of operations and financial condition. More generally, any of these events could adversely affect fuel prices, cause consumer spending to decrease, cause increased volatility in the financial markets and have an adverse impact on the economies of India and other countries, including economic recession. Further, regional conflicts in South Asia could adversely affect the Indian economy, disrupt operations and cause the business to suffer.
6. The Company imports a substantial quantity of raw material. The cost of these materials is mainly denominated in US Dollars. Any adverse fluctuations with respect to the exchange rate of US Dollars for Indian Rupees is likely to affect the input costs. The company does not have a policy to hedge its foreign currency exposure. Therefore, it is exposed to losses due to currency fluctuations

Management Perception:

The Company is a net foreign exchange earner (after adjustment of cost of import against exports). Hence, there is a natural hedge of foreign currency exposure.

7. After this Issue, the price of Issuer's Equity Shares may be highly volatile, or an active trading market for its Equity Shares may not develop. The prices of its Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:
 - Volatility in the Indian and global securities market;
 - The results of operations and performance, in terms of market share;
 - Performance of its competitors, the Indian pharmaceutical industry and the perception in the market about investments in the pharmaceutical sector;
 - Performance of the Indian economy;
 - Changes in the estimates of its performance or recommendations by financial analysts;
 - Significant developments in India's economic liberalization and deregulation policies; and
 - Significant developments in India's fiscal and environmental regulations.

There has been no public market for the Equity Shares of the Company and the prices of the Equity Shares may fluctuate. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the prices at which the Equity Shares are sold in this Issue will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

8. An economic down turn may negatively impair Company's operating results.
9. Failure to comply with environmental laws and regulations could result in litigation and company's business may be adversely affected. It may incur substantial expense in complying with environmental laws and regulations. Also, currently unknown environmental problems or conditions may be discovered. The company is subject to significant national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from its operations. Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future.

Management Perception:

Issuer's prospective/existing foreign customers technically audit its facilities before entering into long-term commitments. The inspection includes conferring that the company follows the safety,



health and environment policies not only as laid down by the Indian authorities but also adheres to the international standards. The company has been granted NOC by GPCB and MPCB for the existing facilities.

10. Increasing employee compensation in India may prevent the company from maintaining its competitive advantage and may reduce its profit margins. Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparable skilled professionals, which has been one of its competitive strengths. However, compensation increases in India may erode some of this competitive advantage and may negatively affect the profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to scientists and engineers, managers and other mid-level professionals. The company may need to continue to increase the levels of its employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on the business, results of operation and financial condition.

Management Perception:

Employee compensation in India has been significantly lower than that in the US or Europe for comparably skilled professionals. Further, the geographical mobility of chemists and scientists to USA and Europe, in the pharmaceuticals industry is low and hence the wage structure in India is not connected with that in the US or Europe.

11. Political instability in India, Africa, South East Asia, Europe and other countries where company's customers are based, can adversely affect the Company's business.

NOTES

1. The net worth of the Company before the issue is Rs.1912.96 Lacs as on 30th September 2004 and the size of the issue is Rs. 1300.00 Lacs at the minimum issue price of Rs. 20 and Rs. 1430.00 Lacs at the maximum issue price of Rs. 22
2. The cost per share to the promoters is Rs0.11/- per share and the book value per share is Rs. 25.98 as on 31st March 2004 and Rs.28.65 as on 30th September 2004.
3. The promoters/directors/key managerial personnel of the company are interested in the company to the extent of reimbursement of expenses incurred, normal remuneration or benefits, sitting fees and their respective shareholding in the company (Please refer 'Interest of Promoters / Directors' discussed elsewhere in the Prospectus)
4. The investors are advised to refer to the para on "Basis of Issue Price" before making any investment in the issue.
5. Please read this Prospectus and the instructions contained herein before taking any action.
6. Investors may please note that in the event of over subscription allotment shall be made on a proportionate basis in consultation with the Stock Exchange Mumbai, the Designated Stock Exchange.
7. Since inception the company has issued 55,65,000 equity shares by capitalisation of reserves as bonus shares.
8. The details of the related party transactions for the last three years are as under:

Description & Name of Related Parties with respect to below transactions	
Description	Name
Subsidiaries	The company has no subsidiaries
Associate Companies/ Firms	1. Mangalam Laboratories Pvt. Ltd. 2. Mangalam Organics Pvt. Ltd. 3. Shree Rasbihari Trading and Investments Pvt. Ltd. 4. Shree Kishoriju Trading and Investments Pvt. Ltd. 6. IMP Power Ltd. 7. IMP Finance Ltd. 8. M/s Dhoot Enterprises 9. M/s Shree Tiles 10. M/s Kishor Saw Mills



Directors	1. Mr. Govardhan M. Dhoot 2. Mr. Ashok R. Boob 3. Mr. Subhash C. Khattar 4. Mr. Rajendraprasad K. Mimani
Relative of Directors	1. Mrs. Asha A. Boob 2. Mrs. Chandrakanta Dhoot 3. Mrs. Neelima Boob 4. Govardhan M. Dhoot (HUF) 5. Mrs. Jyoti B. Dhoot 6. Mrs. Rekha G. Dhoot 7. Mrs. Rajkamal Sukhani 8. Krishna R. Boob (HUF) 9. Ashok R. Boob (HUF) 10. Mr. Krishna R. Boob 11. Mr. Brijmohan M. Dhoot

Related Party Transactions for the half year ended on as on 30th September, 2004 (Amount in Rs. Lacs)			
Nature of Transaction	Associates	Directors	Relatives of Directors
Investments @	-	-	-
Sundry Debtors @	-	-	-
Loans and Advances@	12.00	-	-
Loans Given	-	-	-
Loans returned	-	-	-
Share Application Money	-	-	-
Refund of Share Application	-	-	-
Sales & Services Income	-	-	-
Purchase of goods & services	-	-	-
Recovery of Common Expenses	-	-	-
Rent Paid	-	-	-
Managerial Remuneration	-	7.80	-

Related Party Transactions for the year ended on as on 31 st March, 2004 (Amount in Rs. Lacs)			
Nature of Transaction	Associates	Directors	Relatives of Directors
Investments @	-	-	-
Sundry Debtors @	-	-	-
Loans and Advances@	189.99	-	-
Loans Given	-	-	-
Loans returned	-	-	-
Share Application Money	-	-	-
Refund of Share Application	-	-	-
Sales & Services Income	-	-	-
Purchase of goods & services	-	-	-
Recovery of Common Expenses	-	-	-
Rent Paid	-	-	-
Managerial Remuneration	-	19.20	-



Related Party Transactions for the year ended on as on 31 st March, 2003			(Amount in Rs. Lacs)
Nature of Transaction	Associates	Directors	Relatives of Directors
Investments @	-	-	-
Sundry Debtors @	-	-	-
Loans and Advances@	40.27	-	-
Loans Given	-	-	-
Loans returned	-	-	-
Share Application Money	-	-	-
Refund of Share Application	-	-	-
Sales & Services Income	-	-	-
Purchase of goods & services	-	-	-
Recovery of Common Expenses	-	-	-
Rent Paid	-	-	-
Managerial Remuneration	-	20.40	-

Related Party Transactions for the year ended on as on 31 st March, 2002			(Amount in Rs. Lacs)
Nature of Transaction	Associates	Directors	Relatives of Directors
Investments @	-	-	-
Sundry Debtors @	-	-	-
Loans and Advances@	52.04	-	-
Loans Given	-	-	-
Loans returned	-	-	-
Share Application Money	-	-	-
Refund of Share Application	-	-	-
Sales & Services Income	-	-	-
Purchase of goods & services	-	-	-
Recovery of Common Expenses	-	-	-
Rent Paid	-	-	-
Managerial Remuneration	-	20.40	-

@: Closing balance



PART – I

I. GENERAL INFORMATION

A. NAME AND ADDRESS OF THE COMPANY

MANGALAM DRUGS AND ORGANICS LIMITED

(Regn. No: 11- 116413)

(Old Regn. No. : 04-26727 and 15758 of 1972-73)

(Incorporated on April 18, 1972 as a Private Limited Company under the name Advent Pharma Private Limited under the Companies Act, 1956. The name was changed to Mangalam Drugs and Organics Private Limited w.e.f. July 1, 1997. It became a deemed public company and word 'private' was deleted in the Certificate of Incorporation effectively September 22, 1997. Subsequently, the Company was converted into a public limited company for which Certificate of Incorporation was obtained on September 19, 2001)

Registered & Corporate Office: 292, Princess Street, 2nd Floor, Near Flyover, Marine Lines, Mumbai - 400002

Tel: 022-22087969/22087411 **Fax:** 022- 22087074

(The Registered Office was shifted from 292, Princess Street, 2nd Floor, Near Flyover, Marine Lines, Mumbai 400002 to Plot No. 187, GIDC, Vapi, Dist. Valsad, Gujarat vide CLB Order dated June 3, 1994. It was shifted back to 292, Princess Street, 2nd Floor, Near Flyover, Marine Lines, Mumbai 400002 vide CLB Order dated July 31, 1998)

Vapi Works: Plot No. 187-Phase II and Plot No. 1203-Phase III, GIDC, Vapi, Dist. Valsad, Gujarat 396 195.

Tel: 0260-2430598/2432143 **Fax:** 0260-2431919

Sangamner Works: Plot Nos. 11, 29 to 32, 35, 37 & 38, Sangamner Sahakari Audhyogik Vasahat Ltd., Sangamner Dist. Ahmednagar – 422 605

Tel: 02425-259051/2 **Fax:** 02425-259050

E-mail: mangalam_drugs@vsnl.com **Website:** www.mangalamdrugs.com

PUBLIC ISSUE OF 65,00,000 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PRICE BAND OF RS.20-22/- EACH AGGREGATING TO RS. 13,00,00,000 AT THE MINIMUM PRICE AND RS.14,30,00,000 AT THE MAXIMUM PRICE IN THE BAND (HEREINAFTER REFERRED TO AS THE 'ISSUE'). THE ISSUE PRICE IS 2 TIMES OF THE FACE VALUE AT LOWER PRICE BAND AND 2.2 TIMES OF THE FACE VALUE AT HIGHER PRICE BAND OF THE FACE VALUE. (THE COMPANY SHALL DETERMINE THE FINAL PRICE BEFORE FILING THE PROSPECTUS WITH ROC.)

B. AUTHORITY FOR THE PRESENT ISSUE

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of equity shares has been authorised vide Special Resolution passed at the Annual General Meeting held on 12th July, 2004.

C. GOVERNMENT/STATUTORY APPROVALS

The following approvals are yet to be obtained by the company:

1. Factory license issued by Chief Inspector of Factories for running the factories.
2. License from Assistant Labour Commissioner under section 12 (2) of the Contract Labour (Regulation and adoption) Act, 1970 for hiring contract labour.
3. License issued by the Supdt. of Prohibition & Excise, Valsad for the storage and use of spirit
4. License issued by the Supdt. of Prohibition & Excise, Valsad for the Purchase, Possession and use of Methyl Alcohol (MAI).
5. Central Excise Registration Certificates.
6. Consent to operate under Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and under the Hazardous Wastes (Management and Handling) Rules, 1969 as amended from time to time.
7. Certificate issued by Commissioner of Food & Drug Administration, Gujarat State for renewal of license to manufacture / sale of drugs.
8. Certificate issued by the Gujarat Boiler Inspection Department for the use of boiler.
9. Central and State Sales Tax Certificates.
10. Licence for import & store of petroleum in installation.



11. License issued by Chief Controller of Explosives under the rules under Section 2 of the Poisons Act, 1919 to possess for sale and sell within the area of Vapi.
12. License issued by Dy. Controller of Explosives to Store compressed gas in cylinders.
13. Environmental Clearance Certificate issued by ministry of Environment & Forests.
14. Approval for additional power from GEB and MSEB.
15. Permission from Chief Controller of Explosives for handling chlorine
16. Approval of factory layout and design by the Factory Inspector

Other than the above, the Company has received all the necessary consents, licenses, permissions and approvals from the Government and various government agencies required for its present business and no further approvals are required for carrying on the present as well as the proposed business of the Company except as stated elsewhere in this Prospectus. It must, however, be distinctly understood that in granting the above consents/licenses/permissions/approvals, the Government does 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.

Approvals received from the various Government agencies are detailed hereunder:

Letter Dated	Approval	Issuing authority
20/04/04	Factory License	Chief Inspector of Factories
24/04/04	Contract Registration and License (for Plot No. 187 and Plot No. 1203)	Asst. Labour Commissioner, Valsad
01/04/04	Licence of Sprit for stock and use	Supdt. of Prohibition & Excise, Valsad
01/04/04	Sale of Methyl Alcohol (MAI) (Plot No. 1203)	Supdt. Of Prohibition and Excise, Valsad
01/04/04	Purchase, Possession and use of Methyl Alcohol (MAI) (Plot No. 1203)	Supdt. Of Prohibition & Excise, Valsad
22/04/03	Central Excise Registration Certificate (Form RC) for Plot No. 187	Asst. Commissioner of Central Excise, Vapi
17/02/03	Central Excise Registration Certificate for Plot No. 1203	Asst. Commissioner of Central Excise, Vapi
05/02/02	Central Excise Registration Certificate for Sangamner Unit	Supdt. Central Excise & Customs
13/08/02	GPCB (Hazardous waste) (Management and Handling) (Plot No. 187)	GPCB, Sr. Environmental Scientist
31/01/03	GPCB (Hazardous waste) (Management and Handling) (Plot No. 1203)	GPCB, Sr. Environmental Scientist
09/08/02	Manufacture for Sale Drugs (Form 26)	Commissioner, FDA
20/10/03	* WHO GMP Certificate	FDA, Gujarat State
23/04/04	Certificate for the use of Boiler	Gujarat Boiler Inspection Department
24/03/04	Consolidated consent and authorisation from GPCB for water/air and solid waste	GPCB, Environmental Engineer
25/04/03	GPCB (No Objection Certificate)	GPCB, Environmental Engineer
23/04/94	Sales Tax Certificate (Central)	Central Excise Authority
01/07/02	Sales Tax Certificate (State)	Office of Sales Tax Officer, Vapi
06/11/95	Licence of import & store petroleum in installation	Chief Controller of Explosives
21/09/00	GIDC amalgamation order of Plot No. 187,187/A & 187/B	GIDC, Regional Manager
09/08/02	Certificate from office of FDA (plot No. 187)	Commissioner, FDA
31/12/00	License poisonse' for menthol	Additional Dist. Magistrate
09/12/93	License to Store compressed gas in pressure vessel or vessels	Jt. C.C.E
20/09/89	License to Store compressed gas in cylinders	Dy. Controller of Explosives
08/12/03	Environmental clearance	Government of India Ministry of Environment & Forest, New Delhi



01/12/03	Membership of Common Effluent Treatment Plant (CETP)	Vapi Waste & Effluent Management Company Limited
29/06/04	Maharashtra Pollution Control Board (MPCB) Approval (Hazardous waste Management and Handling, Water Act and Air Act)	Member Secretary

*** WHO GMP Certificate has expired and the company has applied for renewal of the same.**

D. PROHIBITION BY SEBI

The Company, its subsidiaries, its associates, its directors and companies with which the directors of the issuer are associated as directors or promoters, its subsidiaries, its associates have not been prohibited from accessing the capital market under any order or direction passed by SEBI. The listing of any securities of the issuer has never been refused at anytime by any of the stock exchanges in India.

E. ELIGIBILITY FOR THE ISSUE

According to Clause 2.2.1 of the SEBI (Disclosure and Investor Protection) Guidelines 2000, an unlisted company shall make a public issue of any equity share or any security convertible into equity shares at a later date subject to the following:

- The Company has a net tangible asset of at least 300 Lacs in each of the preceding 3 full years (of 12 months each) of which, not more than 50% is held in monetary assets.
- The Company has a pre-issue net worth of at least Rs. 100 Lacs in each of the preceding 3 full years (of 12 months each).
- The Company has a track record of distributable profits in terms of Section 205 of the Companies Act, for at least three (3) out of the immediately preceding five (5) years.

Provided that the issue size (i.e., issue through Prospectus + firm allotment + promoters' contribution through the Prospectus) does not exceed five (5) times its pre-issue net worth as per last available audited accounts, either at the time of filing Prospectus with SEBI or at the time of opening of the issue.

The pre-issue Net worth and distributable profits of the Company as per the Restated Financial Statements are as under:

(Rs. in Lacs)

Financial Year	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Net Worth	1134.84	1271.17	1399.18	1531.30	1734.75
Distributable Profit	137.64	148.60	133.57	135.59	191.07
Net Tangible Assets	3178.77	3602.58	3358.40	3992.25	4252.99
% of monetary assets in terms of net tangible assets	5.03	5.44	2.08	1.60	2.11

NOTES:

- Net tangible assets is defined as the sum of fixed assets (including capital work in progress), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities)
- Monetary Assets include Cash on Hand and Bank and Quoted Investments.
- Net worth of the Company includes equity share capital and reserve
- The Distributable profits of the Company is as per Section 205 of the Act and has been calculated from the audited financials statements of the respective year/period before making adjustments for restatement of financials statements.

The Company is fulfilling the criteria of eligibility norms for public issue by unlisted company as specified in the Clause 2.2.1 of SEBI DIP Guidelines 2000. Therefore, the Board of Directors of the Company resolved to go for the proposed public issue through IPO route pursuant to Clause 2.2.1 of SEBI DIP Guidelines 2000.



F. DISCLAIMERS

SEBI DISCLAIMER CLAUSE

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF DRAFT PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR FOR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE PROSPECTUS. THE LEAD MANAGER, KHANDWALA SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING 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 PROSPECTUS, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, KHANDWALA SECURITIES LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 08.11.2004 IN ACCORDANCE WITH 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, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT 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 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 AND ALSO THE GUIDELINES, INSTRUCTIONS ETC., ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - c. THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL-INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE**
 - d. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID**

THE FILING OF PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER(S) ANY IRREGULARITIES OR LAPSES IN PROSPECTUS.”



DISCLAIMER FROM THE ISSUER

Investors may note that MANGALAM DRUGS AND ORGANICS LIMITED accepts no responsibility for statements made other than in this Prospectus or in the advertisement or any other material issued by or at the instance of the issuer company and that anyone placing reliance on any other source of information would do so at their own risk.

DISCLAIMER IN RESPECT OF JURISDICTION

This issue is made in India to Indian nationals resident in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks and co-operative banks (subject to RBI permission), trust registered under the Societies Registration Act, 1860, or any other trust law and who are authorised under their constitution to hold and invest in shares and to NRI's and FII's as defined under Indian Laws . This Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation to such jurisdiction. Any person into whose possession this Prospectus comes is required to inform him about and to observe any such restrictions. Any disputes arising out of this offer will be subject to the jurisdiction of appropriate courts. No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been submitted for approval and has been filed with SEBI. Accordingly, the equity shares represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall under any circumstances create any implication that there has been no change in the affairs of MANGALAM DRUGS AND ORGANICS LIMITED since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER CLAUSE OF STOCK EXCHANGES

a) Bombay Stock Exchange

As required, a copy of this Prospectus has been submitted to the Bombay Stock Exchange, (the Designated Stock Exchange). The Stock Exchange, Mumbai (" the Exchange") has given vide its letter dated _____ 2004 permission to this Company to use the Exchange's name in this draft Prospectus as one of the stock exchange on which the Company's securities are proposed to be listed. The Exchange has scrutinized this draft prospectus for its limited internal purpose of deciding of the matter of granting the aforesaid permission to this Company. Bombay Stock Exchange does not in any manner: -

- a. Warrant, certify or endorse the correctness or completeness of any of the contents of this prospectus: or
- b. Warrant that this company's securities will be listed on the Exchange or continue to be listed on the Exchange: or
- c. Take any responsibility for the financial or other soundness of the 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 draft prospectus has been cleared or approved by the Exchange.

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



b) National Stock Exchange of India Limited

As required, a copy of this Prospectus has been submitted to the National Stock Exchange of India Limited (NSE). NSE has given vide its letter dated _____ its permission to the Company to use the Exchange's name in this draft Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one relating to paid up capital (i.e., the capital shall not be less than Rs. 10 crore and market capitalization shall not be less than Rs. 25 crore at the time of listing). The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by NSE; nor does it warrant, certify, endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis 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 or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

GENERAL DISCLAIMER OF THE ISSUER COMPANY

The issuer accepts full responsibility for the accuracy of the information given in this Prospectus and confirm that to the best of their knowledge and belief, there are no other facts the omission of which make any statement in the Prospectus misleading, and they further confirm that they have made all reasonable inquiries to ascertain such facts.

G. FILING

1. Copy of this Prospectus along with the documents required to be filed under Section 60 of the Act having attached thereto, shall be delivered for registration to the Registrar of Companies, Maharashtra at Mumbai.
2. Copy of the Prospectus has been filed with SEBI, Mumbai.
3. A copy of the Prospectus has also been filed with The Stock Exchange, Mumbai (Designated Stock Exchange) and the National Stock Exchange of India Limited.
4. A copy of the documents referred to elsewhere in this Prospectus has been kept open for public inspection at the Registered Office of the Company.

H. LISTING

Initial Listing Applications have been made to The Stock Exchange, Mumbai (BSE) and the National Stock Exchange (NSE) for permission to deal in and for an official quotation of the equity shares of the Company being offered in terms of this Prospectus as well as the existing equity shares of the Company.

In case the permission to deal in and for official quotation of the shares is not granted by these stock exchanges, the issuer shall forthwith repay, without interest, all monies received from applicants in pursuance of this Prospectus and if such money is not repaid within eight days after the day from which the Company is liable to repay it, the Company shall pay interest as prescribed under Section 73(2) of the Act.

I. UNDERTAKING FROM PROMOTORS AND DIRECTORS

The Issuer accepts full responsibility for the accuracy of the information given in this Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, the omission of which make any statement in this Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The issuer further declares that the stock exchanges to which an application for official quotation is proposed to be made do not take



any responsibility for the financial soundness of this offer or for the price at which the equity shares are offered or for the correctness of the statements made or opinions expressed in this Prospectus.

The promoters/directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement/misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case be, that any information/material has been suppressed/withheld and/or amounts to a misstatement/misrepresentation, the promoters/directors undertake to refund the entire application monies to all the subscribers within seven days thereafter without prejudice to the provisions of Section 63 of the Companies Act, 1956.

J. CORPORATE GOVERNANCE

The SEBI Guidelines in respect of corporate governance shall be applicable to the Company immediately upon listing of its shares on the various stock exchanges. The Company undertakes that it shall take necessary steps to comply with all the requirements of the guidelines on Corporate Governance as would be applicable to it at the time of seeking in principle approval for listing.

The Company has already constituted various committees in accordance with the requirements of the Code of Corporate Governance under the Listing Agreement.

K. APPLICATIONS IN FICTITIOUS NAMES

As a matter of abundant caution, attention of applicants is specifically drawn to the provisions of Sub-section (1) of Section 68-A of the Act, which is reproduced below:

"Any person who:

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

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

L. MINIMUM SUBSCRIPTION

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue or if the subscription level falls below 90% after the closure of the issue on account of cheques having been returned un paid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act, 1956.

M. UTILISATION OF ISSUE PROCEEDS

The Board of Directors certifies that:

- a. All monies received out of the issue of shares to the public shall be transferred to a separate bank account other than the bank account referred to in Sub-section (3) of Section 73 of Companies Act, 1956;
- b. Details of all monies utilized out of this issue referred to in item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilized;
- c. Details of all unutilised monies out of this issue of shares, if any referred to in item (a) 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;

N. ALLOTMENT LETTERS/REFUND ORDERS

Refund orders of value over Rs. 1,500/-, if any, to allottee and Letter(s) of Regret together with refund orders of value over Rs. 1,500/- to non-allottees will be dispatched by registered post and refunds of value Rs. 1,500/- and less will be dispatched Under Certificate of Posting at the applicant's sole risk within 10 weeks from the date of closure of the subscription list.



Adequate funds for the above purpose will be made available to the Registrar to the issue to ensure dispatch of refund orders, allotment letters and share certificates by Registered Post/Certificate of Posting.

The Company agrees that:

- a. As far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the public issue.
- b. It shall pay interest @ 15% per annum if the allotment has not been made and the refund orders are not dispatched to the investors within 30 days from the date of closure of the issue.

Despatch of refund orders and demat credit would be completed and listing documents shall be submitted to the stock exchanges within 2 working days of the finalization of the basis of allotment. Formalities pertaining to the listing and trading of securities offered through this prospectus shall be completed at the stock exchanges where they are proposed to be listed, within 7 working days from the date of finalization of the basis of allotment. The Company shall ensure that "at par" arrangement is provided for the encashment facility on all refund orders.

O. ISSUE SCHEDULE

The subscription list will open at the commencement of banking hours and will close at the close of banking hours on the dates as mentioned below:

Issue Opens On	:	DD-MM-2004
Issue Closes On	:	DD-MM-2004

P. UNDERTAKING BY THE ISSUER COMPANY

The Company undertakes that:

1. The company has not made any earlier public issue of equity shares through prospectus.
2. Investors' complaints received in respect of proposed public issue shall be attended expeditiously and satisfactorily.
3. All steps for completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the equity shares are to be listed are taken within seven working days of finalisation of the basis of allotment.
4. The Company will provide adequate funds to the Registrars to the Issue to dispatch the Allotment Letters/Refund Orders by registered post/certificate of posting as the case may be.
5. No further issue of securities shall be made till the securities offered through this Prospectus are listed or till the application monies are refunded on account of non-listing, under-subscription, etc.
6. At any given time that there shall be only one denomination of the shares of the Company and the Company shall comply with such disclosures and accounting norms specified by SEBI from time to time.
7. All information shall be made available to the Lead Managers and the Issuer to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research and sales reports etc.
8. The refund orders to the non-resident Indians shall be despatched within the specified time.



Q. ISSUE MANAGEMENT TEAM

LEAD MANAGERS TO THE ISSUE

KHANDWALA SECURITIES LIMITED

(SEBI Regd. No.: INM000001899)

Vikas Building, Ground Floor,

Green Street, Fort

Mumbai – 400023

Tel: 91-22-2264 2300

Fax: 91-22-2261 5172

E-mail: ibg@kslindia.com

REGISTRARS TO THE ISSUE

INTIME SPECTRUM REGISTRY LIMITED

(SEBI Registration No. INR 00003761)

C-13, Pannalal Silk Mills Compound, LBS Marg,

Bhandup (West), Mumbai – 400 078

Tel: +91-22-5555 5491-4

Fax: +91-22- 5555 5499

E-mail: mangalam@intimespectrum.com

AUDITORS OF THE COMPANY

M/s Milwani Associates

Chartered Accountants

Bagaria House, 3rd Floor,

Kolbhat Lane, Mumbai – 400 002

BANKERS TO THE COMPANY

The United Western Bank Limited

Fort Branch,

Mumbai - 400 001.

State Bank of India

Commercial Branch,

Mumbai – 400 023.

The Saraswat Co-op. Bank Limited

CST Branch, A. K. Nayak Marg

Mumbai - 400 001.

BANKERS TO THE ISSUE

IDBI Bank Limited

Mittal Towers, "C" Wing

Ground Floor

Nariman Point

Mumbai – 400021

Registration No INBI 00000076

CREDIT RATING/DEBENTURE TRUSTEE

This being an equity issue, no appointment of credit rating agency or debenture trustee is required

UNDERWRITERS TO THE ISSUE

The Issuer is not proposing for the underwriting of the Issue.



COMPLIANCE OFFICER/COMPANY SECRETARY

Ms. Gauri Balankhe

292, Princess Street,

2nd Floor, Near Flyover,

Mumbai – 400 002

Tel: 022-2208 7969/ 7411

Fax: 022-2208 7074

E-mail: mangalam_drugs@vsnl.com

Investors may note that in case of any pre-offer/post offer related problems such as non-receipt of letters of allotment/share certificates/refund orders etc., they should contact the Compliance Officer.



II. CAPITAL STRUCTURE OF THE COMPANY

No of Shares		Nominal Value (Rs.)	Aggregate Value (Rs.)
A.	AUTHORISED CAPITAL 1,40,00,000 Equity Shares of Rs. 10/- each	14,00,00,000	14,00,00,000
B.	ISSUED, SUBSCRIBED and PAID UP CAPITAL 66,78,000 Equity Shares of Rs. 10/- each fully paid up.		
	Of the above shares,	6,67,80,000	6,67,80,000
	55,65,000 Equity Shares are issued as Bonus Shares by way of capitalization of Reserves.	5,56,50,000	5,56,50,000
C.	PRESENT ISSUE 65,00,000 Equity Shares of Rs. 10/- each at a price band of Rs.20 – Rs.22/-	6,50,00,000	At a price of Rs.20/- Rs.13,00,00,000 At a price of Rs.22/- Rs.14,30,00,000
D.	PAID UP CAPITAL AFTER THE PRESENT ISSUE 1,31,78,000 Equity Shares of Rs. 10/- each fully paid up	13,17,80,000	13,17,80,000
E.	SHARE PREMIUM ACCOUNT – Before the issue – After the issue ▪ At a price of Rs.20/- per share ▪ At a price of Rs.22/- per share	NIL 6,50,00,000 7,80,00,000	NIL 6,50,00,000 7,80,00,000

NOTES FORMING PART OF THE CAPITAL STRUCTURE

1. The Share Capital History of the Company is as follows:

Date of allotment	Date when fully paid	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Mode	Cumulative Shares	% of post issue capital	Lock-in
18-Apr-72	18-Apr-72	25	100	100	Cash	Preferential Allotment	1000	0.01	1
27-Jun-75	27-Jun-75	975	100	100	Cash	Preferential Allotment	1000	0.01	1
03-Dec-75	03-Dec-75	850	100	100	Cash	Preferential Allotment	1850	0.14	1
04-Oct-76	04-Oct-76	1000	100	100	Cash	Preferential Allotment	2850	0.02	1
07-Nov-78	07-Nov-78	2150	100	100	Cash	Preferential Allotment	5000	0.04	1
01-Dec-86	01-Dec-86	2500	100	100	Cash	Preferential Allotment	7500	0.06	1
30-Sep-97	30-Sep-97	75000	10	Nil	Nil	Split in the face value per share from Rs.100 /- to Rs.10/-	75000	0.57	1
01-Dec-97	01-Dec-97	*1038000	10	NIL	Considered	Allotted to	1113000	8.45	1



					ration other than cash	the sharehold ers of MOPL, MRPL and SMPPL.			
20-Dec-02	20-Dec-02	1113000	10	Nil	Nil	Bonus	2226000	16.89	1,16,016 shares for 3 years and the balance for 1 year
24-Mar-04	24-Mar-04	4452000	10	Nil	Nil	Bonus	6678000	50.68	25,19,584 for 3 years and the balance for 1 year.
TOTAL		66,78,000						50.68	

*** Under the scheme of arrangement approved by the Honorable High Court, Mumbai on July 31, 1997 one fully paid equity share of MDOL was allotted for every twenty fully paid equity shares of MOPL, twelve fully paid equity shares of MDOL were allotted for every five fully paid equity shares of MRPL and twenty- seven fully paid equity shares of MDOL were allotted for every five fully paid equity shares of SMPPL to the share holders of MOPL, MRPL and SMPPL respectively.**

2. Details of increase in Authorised Share Capital

Sl. No.	Date of Resolution	Increase in Authorized Capital
1	Incorporation	Rs.5, 00,000 (5,000 Equity Shares of Rs.100/- each)
2	10/09/1985	Rs.5,00,000 to Rs.15,00,000 (15,000 Equity Shares of Rs.100/- each)
3	11/02/1997	Rs.15,00,000 to Rs.1,25,00,000 (1,25,000 Equity Shares of Rs.100/- each)
4	30/09/1997	Rs.1,25,00,000 (12,50,000 Equity Shares of Rs.10/- each)
		Subdivision in the face value of equity share from Rs.100/- to Rs.10/- per share
5	03/03/1998	Rs.1,25,00,000 to 2,25,00,000 (12,50,000 Equity Shares of Rs.10/- each and 10,00,000 10% Redeemable Cumulative Preference Shares of Rs.10/- each)
6	20/12/2002	Rs.2,25,00,000 (22,50,000 Equity shares of Rs.10/- each); Cancellation of 10,00,000 Unissued 10% Redeemable Cumulative Preference Shares of Rs.10/- each . The equity share capital increased by 10,00,000 Equity Shares of Rs.10/- each in lieu thereof.
7	24/03/2004	Rs.2,25,00,000 to Rs.7,00,00,000 (70,00,000 Equity Shares of Rs.10/- each)
8	12/07/2004	Rs.7,00,00,000 to Rs.14,00,00,000 (1,40,00,000 Equity Shares of Rs.10/- each)

3. Details of Promoters shareholding and lock in are as follows:

Mr. Govardhan M. Dhoot

Sr. No.	Date of Allotment/Date of acquisition through transfer or sale	No. of Shares Allotted or Transferred	Consideration Cash/Bonus	Face Value	Issue Price	% to Post Issue Capital	Lock-in
1	22-Nov-74	30	Cash	10	10	0.00	1
2	27-Jun-75	1070	Cash	10	10	0.01	1
3	4-Oct-76	750	Cash	10	10	0.01	1
4	27-Feb-95	3870	Cash	10	10	0.03	1
5	16-Apr-96	750	Cash	10	10	0.01	1



6	1-Dec-97	43248	Consideration other than cash	10	10	0.33	1
7	20-Dec-02	49718	Bonus	10	10	0.38	1
8	26-Dec-02	11950	Cash	10	10	0.09	1
9	8-Aug-03	11950	Cash	10	10	0.09	1
10	24-Mar-04	246672	Bonus	10	10	1.87	3
11	02-Sept-04	120	Cash	10	10	0.00	3
		3,70,128				2.81	

Mr. Ashok R. Boob

Sr. No.	Date of Allotment/Date of acquisition through transfer or sale	No. of Shares Allotted or Transferred	Consideration Cash/Bonus	Face Value	Issue Price	% to Post Issue Capital	Lock-in
1	4-Oct-76	5000	Cash	10	10	0.04	1
2	1-Dec-86	2120	Cash	10	10	0.02	1
3	16-Jan-97	630	Cash	10	10	0.00	1
4	1-Dec-97	51618	Consideration other than cash	10	10	0.39	1
5	20-Dec-02	59368	Bonus	10	10	0.45	1
6	24-Mar-04	237472	Bonus	10	10	1.80	3
		3,56,208				2.70	

Mr. Krishna R. Boob

Sr. No.	Date of Allotment/Date of acquisition through transfer or sale	No. of Shares Allotted or Transferred	Consideration Cash/Bonus	Face Value	Issue Price	% to Post Issue Capital	Lock-in
1	4-Oct-76	2000	Cash	10	10	0.02	1
2	16-Jan-97	4000	Cash	10	10	0.03	1
3	1-Dec-97	43950	Consideration other than cash	10	10	0.33	1
4	20-Dec-02	49950	Bonus	10	10	0.38	1
5	24-Mar-04	199800	Bonus	10	10	1.52	3
		2,99,700				2.27	

Mr. Brijmohan M. Dhoot

Sr. No.	Date of Allotment/Date of acquisition through transfer or sale	No. of Shares Allotted or Transferred	Consideration Cash/Bonus	Face Value	Issue Price	% to Post Issue Capital	Lock-in
1	22-Nov-74	20	Cash	10	10	0.00	1
2	27-Jun-75	1090	Cash	10	10	0.01	1
3	4-Oct-76	750	Cash	10	10	0.01	1
4	1-Dec-86	2630	Cash	10	10	0.02	1
5	1-Dec-97	39120	Consideration other than cash	10	10	0.30	1
6	20-Dec-02	43610	Bonus	10	10	0.33	1
7	26-Dec-02	45500	Cash	10	10	0.35	1
8	8-Aug-03	45500	Cash	10	10	0.35	1



9	24-Mar-04	356440	Bonus	10	10	2.70	3
		5,34,660				4.06	

Shree Rasbihari Trading & Investment Pvt. Ltd.

Sr. No.	Date of Allotment/Date of acquisition through transfer or sale	No. of Shares Allotted or Transferred	Consideration Cash/Bonus	Face Value	Issue Price	% to Post Issue Capital	Lock-in
1	15-Jan-85	1000	Cash	10	10	0.01	1
2	1-Dec-86	400	Cash	10	10	0.00	1
3	1-Dec-97	177900	Consideration other than cash	10	10	1.35	1
4	20-Dec-02	191900	Bonus	10	10	1.46	1
5	24-Mar-04	767600	Bonus	10	10	5.82	3
		11,38,800				8.64	

Shree Kishoriju Trading & Investment Pvt. Ltd.

Sr. No.	Date of Allotment/Date of acquisition through transfer or sale	No. of Shares Allotted or Transferred	Consideration Cash/Bonus	Face Value	Issue Price	% to Post Issue Capital	Lock-in
1	1-Dec-97	177900	Consideration other than cash	10	10	1.35	1
2	20-Dec-02	177900	Bonus	10	10	1.35	1,15,896 shares for a period of 3 years & balance 62,004 shares for one year.
3	24-Mar-04	711600	Bonus	10	10	5.40	3
		1,06,74,000				8.10	

4. The Promoters/Directors, their relatives and associates have not purchased or sold or financed, directly or indirectly, any equity shares during a period of six months preceding the date on which the draft Prospectus is filed with SEBI except as under.

Seller's Name	No. of shares (FV 10)	Purchaser's Name	Price (Rs.)	Date of transfer
Mr. Janardan Trivedi	60	Mr. Govardhan M. Dhoot	22.00	02-09-2004
Mr. Saumil Trivedi	60	Mr. Govardhan M. Dhoot	22.00	02-09-2004

5. Particulars of top ten shareholders as on.....(being the date of filing of the Prospectus with the Registrar of Companies)

Sr. No	Name of the Shareholder	No. of Shares	% to Post Issue Capital
1	M/s Shree Rasbihari Trading & Investment Pvt. Ltd.	1151400	8.74
2	M/s Shree Kishoriju Trading & Investment Pvt. Ltd.	1067400	8.10
3	Mrs. Asha A. Boob	762792	5.79
4	Mr. Brijmohan M. Dhoot	534660	4.06
5	Mrs. Chandrakanta M. Dhoot	458292	3.48
6	Mr. Govardhan M. Dhoot	370128	2.81
7	Mr. Ashok R. Boob	356208	2.70
8	Mr. Krishna R. Boob	299700	2.27
9	Mrs. Radhika A. Dhoot	292500	2.22
10	Mrs. Smita Dhoot	292500	2.22
	TOTAL	5585580	42.39



6. Particulars of top ten shareholders as on..... (two years prior to the date of filing of the Prospectus with the Registrar of Companies)

Sr. No.	Name of the Shareholder	No. of Shares	% to Post Issue Capital
1	M/S Shree Rasbihari Trading & Investment Pvt. Ltd.	191900	1.46
2	M/S Shree Kishoriju Trading & Investment Pvt. Ltd.	177900	1.35
3	Mrs. Asha A. Boob	127132	0.96
4	Mrs. Chandrakanta M. Dhoot	76382	0.58
5	Mr. Ashok R. Boob	59368	0.45
6	Mr. Ramnivas R. Dhoot	55040	0.42
7	Mr. Krishna R. Boob	49950	0.38
8	Mr. Govardhan M. Dhoot	49718	0.38
9	Mr. Brijmohan M. Dhoot (HUF)	45500	0.35
10	Mr. Brijmohan M. Dhoot	43610	0.33
	TOTAL	876500	6.65

7. Particulars of top ten shareholders as on (10 days prior to the date of filing of the Prospectus with the Registrar of Companies).

Sr. No	Name of the Shareholder	No. of Shares	% to Post Issue Capital
1	M/s Shree Rasbihari Trading & Investment Pvt. Ltd.	1151400	8.74
2	M/s Shree Kishoriju Trading & Investment Pvt. Ltd.	1067400	8.10
3	Mrs. Asha A. Boob	762792	5.79
4	Mr. Brijmohan M. Dhoot	534660	4.06
5	Mrs. Chandrakanta M. Dhoot	458292	3.48
6	Mr. Govardhan M. Dhoot	370128	2.81
7	Mr. Ashok R. Boob	356208	2.70
8	Mr. Krishna R. Boob	299700	2.27
9	Mrs. Radhika A. Dhoot	292500	2.22
10	Mrs. Smita Dhoot	292500	2.22
	TOTAL	5585580	42.39

8. The pre and post issue shareholding pattern is as under:

Category	Pre-issue		Post-issue	
	No. of Shares	% of holding	No. of Shares	% of holding
Promoters, Directors, their friends, relatives and associates	66,78,000	100.00	66,78,000	50.68
Indian Public	Nil	Nil	65,00,000	49.32
Total	66,78,000	100.00	1,31,78,000	100.00

9. The post issue promoters holding will be 50.68% In terms of the guidelines, 20% of the post issue capital will be in lock-in for 3 years and the balance holding will be in lock-in for 1 year.
10. The Company/Promoters/Director/Merchant Bankers have not entered in to buyback/standby or similar arrangements for purchase of securities being issued by the Company through this Prospectus.
11. There are no "Bridge loans" from any Bank taken by the Company for any purpose whatsoever or for the proposed project.
12. The Shareholders of the Company do not hold any warrant, options, convertible loan or any debenture, which would entitle them to acquire further shares of the Company.
13. As per SEBI guidelines, a minimum of 50% of the net offer to the public is reserved for allotment to retail investors applying for equity shares for a value of not more than Rs.50,000/-. The remaining 50% of the offer to the public is reserved for individuals applying for equity shares for a



value more than Rs.50,000/- and corporate bodies/institutions etc. Unsubscribed portion in either of these categories shall be added to the other category interchangeably.

14. In the event of over-subscription, allotment will be on proportionate basis (subject to minimum allotment being equal to the minimum application size) as detailed in para "Basis Of Allotment". An over subscription to the extent of 10% of net offer to the public can be retained for the purpose of rounding off to the nearest integer during finalisation of allotment.
15. 10,00,000 equity shares of Rs.10/- each fully-paid have been pledged by the promoters and their relatives with IDBI pursuant to Agreement of Pledge dated 24th January, 2003 and 27th August, 2003 to secure the due repayment by the company to IDBI its term loan of Rs.550 lacs together with interest and other monies payable under the loan agreement.
16. The equity shares to be held by the Promoters under the lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, inter-se transfers between the promoters named as such in the Prospectus would be permitted, provided that the requirement of the lock-in period guidelines continue to apply, to the extent initially prescribed.
17. No single applicant can make an application for number of securities, which exceeds the net offer to the public.
18. The Company has not revalued its assets since inception.
19. In terms of the clause 6.4.2.1 (g) of SEBI Guidelines 2000, the Securities offered through this Public Issue shall be made fully paid up or may be forfeited within 12 months from the date of the allotment of the Securities.
20. The Company has 20 Shareholders as on 1st November 2004.
21. There shall be only one denomination of the equity shares of the Company unless otherwise permitted by law. The Company shall comply with disclosure and accounting norms as may be specified by SEBI from time to time.
22. 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 Prospectus with SEBI until the equity shares offered through this Prospectus have been listed.
23. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the issue, by way of split/consolidation of the equity shares or further issue of equity shares (including issue of Securities convertible into exchangeable, directly or indirectly for equity shares) whether preferential or otherwise, or if the Company goes in for Acquisition and Joint Ventures, the Company might consider raising additional capital to fund such activity or use shares as currency for acquisition and/or participation in such Joint Ventures.
24. The company has not granted any options to its employees till date nor does it have any ESOP / ESOS scheme.



III. TERMS OF THE PRESENT ISSUE

A. AUTHORITY FOR THE PRESENT ISSUE

The present issue of equity shares is being made pursuant to a special resolution passed by the shareholders under Section 81 (1A) of the Act at the Annual General Meeting held on 12th July, 2004.

B. PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The equity shares now being offered are subject to the terms of this Prospectus, the Application Form and Memorandum and Articles of Association of the Company, the guidelines for listing of Securities issued by Government of India and guidelines issued by the Securities and Exchange Board of India (SEBI) from time to time, the Depositories Act, 1996 and the provisions of the Companies Act, 1956.

In addition, the equity shares shall also be subject to such other terms and conditions as may be incorporated in the Letter of Allotment, Share Certificates, as per guidelines, notifications and other regulations for the issue of the capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of equity shares.

Face Value:

Each equity share shall be of Face value of Rs.10/-

Terms of Payment:

The Applications should be for minimum of 250 equity shares and in multiples of 250 equity shares thereafter. Full amount is payable on application.

The amount payable is as under

	Towards Share Capital	Towards Share Premium		Total Amount Payable	
		At lower end of Price Band (Rs.20)	At Higher end of the Price Band (Rs.22)	At lower end of Price Band (Rs.20)	At Higher end of the Price Band (Rs.22)
On Application	10.00	10.00	12.00	20.00	22.00
Total	10.00	10.00	12.00	20.00	22.00

Where an applicant is allotted lesser number of equity shares than he/she has applied for, the excess amount paid on application, if any remaining thereafter will be refunded to the applicant.

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

Rights of the Equity share holders

1. To receive dividend, if declared.
2. To attend general meeting and exercise voting rights unless prohibited by law.
3. To vote either personally or by proxy.
4. To receive offer for rights shares and be allotted bonus shares, if announced.
5. To receive surplus on liquidation.
6. The right to free transferability.
7. Such other rights as may be available to the shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association of the Company.

Ranking of equity shares

The equity shares to be issued shall be subject to the Memorandum and Articles of Association of the Company and shall rank pari-passu with the existing equity shares of the Company in respects all including rights in respect of dividends.



Interest In Case of Delay In Despatch of Allotment Letters/ Refund Orders

The Company agrees that –

- a. As far as possible allotment of securities offered to the public shall be made within 30 days of the closure of the public issue.
- b. It shall pay interest @ 15% per annum if the allotment has not been made and the refund orders have not been dispatched to the investors within 30 days from the date of the closure of the issue.

C. HOW TO APPLY

GENERAL INSTRUCTIONS

a. Availability of Application Forms and Prospectus

Application forms with Memorandum containing salient features of the Prospectus and copies of the Prospectus under Section 56(3) of the Act may be obtained from the Registered Office of the Company, the Lead Managers to the issue and the Bankers to the issue named herein or from their branches as stated on the reverse of the application form.

b. Who can apply?

Applications may be made by:

1. Indian nationals resident in India who are not minor, in single or joint names (not more than three)
2. Hindu undivided families (HUF) through the Karta of the HUF
3. Companies, corporate bodies and societies registered under the applicable law in India and authorised to invest in the shares
4. Scientific and/or Industrial research organisations, which are authorised to invest in shares
5. Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks and regional rural banks, co-operative banks may also apply subject to permission from RBI
6. Indian financial Institutions and banks
7. Trusts or societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and which are authorised under their constitution to hold and invest in equity shares of a company
8. Venture Capital Funds / Foreign VC investors registered with SEBI
9. Provident Funds with minimum corpus of Rs25 crores
10. Pension Funds with minimum corpus of Rs25 crores
11. Insurance Companies registered with Insurance Regulatory and Development Authority
12. Non-Resident Indians (NRI's) on a repatriable / non repatriable basis
13. Foreign Institutional Investors (FII's) on a repatriable / non-repatriable basis

Application not to be made by:

- Minors
- Foreign Nationals (except NRI's)
- Partnership firms or their nominees
- Trusts (except as stated above)
- HUFs (except as stated above)
- OCBs

A single application can be made only for the number of equity shares that are being offered to each respective category.

Subscription by NRI's / FII's

The company has made an application to the RBI for the issue of equity shares to NRI's / FII's with repatriation benefits. Subject to obtaining such approvals, it will not be necessary for the investors to seek separate permission from the RBI for this specific purpose. However, it is to be distinctly understood that there is no reservation and separate application forms for NRI's and FII's. All NRI's and FII's applicants will be treated on the same basis with other categories



for the purpose of allotment. The allotment of the Equity shares to non residents shall be subject to the FIPB /RBI approval or any other requisite approvals as may be required.

c. Procedure for Application

Application by Resident Indian Public

Application must be:

1. Made only in the prescribed application form accompanying the memorandum.
2. Completed in full in block letters in English except signatures in accordance with the instructions contained herein and in the application form. Applications not so made are liable to be rejected.
3. For a minimum of 250 equity shares and in multiples of 250 thereafter.
4. In the name of Resident Indian Individuals, Limited Companies, Statutory Corporations/Institutions Incorporated in India, Indian Mutual Funds registered with SEBI and Banks, Applications in the name of minors; foreign nationals; trusts not registered under the Societies Registration Act, 1860 or any other trust laws; partnership firms or their nominees; OCBs; FDIs will be treated as invalid.
5. Applicants residing at places where no collection centres have been opened may submit/mail their applications at their sole risk along with application money due there unto by Demand Draft to the Registrar to the Issue, **INTIME SPECTRUM REGISTRY LIMITED** superscribing the envelope "**Mangalam - Public Issue**" so as to reach the Registrar on or before the closure of the Subscription List. Such demand drafts should be payable at Mumbai only. The charges, if any, for purchase of the demand draft will have to be borne by the applicant.
6. **Application by Mutual Funds:** A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided the applications made by the Mutual Funds/Trustees/the Custodians clearly indicate their intention as to each Scheme concerned for which application has been made.
7. All cheques/bank drafts accompanying the application should be crossed "A/c payee only" and made payable to any of the Bankers to the Issue and lodged at any of their nominated branches and should bear the words "**Mangalam - Public Issue**".
8. Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for equity shares. For further instructions, please read the Application Form carefully.
9. All application forms duly completed together with cash/cheques/demand draft drawn on any of the Bankers to the issue mentioned on the prescribed application form for the amount payable on application at the rate of Rs. 20/- - Rs.22/-per equity share, should be lodged with the bankers to the issue mentioned in the prescribed application form.

- d. Instructions for Payment (For Resident Investors) :** Payments should be made in cash or cheque or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member or a sub-member of the Bankers' Clearing House located at the centres (indicated in the Application Form) where the application is accepted. A separate cheque/demand draft should accompany each application.

Money orders, postal orders, outstation cheques or demand drafts, cheques/draft drawn on banks not participating in the "clearing" will not be accepted and applications accompanied by such instruments may be rejected.

Application by NRI's on non-repatriation basis can be made by using the form meant for Indian Public out of the funds held in Non-Resident (Ordinary) Account (NRO). The relevant bank certificate must accompany such forms. Such applications will be treated on par with applications made by the Indian Public.

In case payment is effected in contravention of the conditions mentioned herein, the application money will be refunded and no interest will be paid thereon.



Instructions for Payment (For NRI's /FII's on a repatriable basis)

1. Application should be made only
 - a. In the names of individuals or in the names of FII's but not in the names of minors, firms, partnerships, OCB's, foreign national or their nominees.
 - b. With remittances from abroad for the amount payable on application per share through approved banking channels or out of funds held in Non-Resident External (NRE) / Foreign Currency Non Resident (FCNR) accounts maintained with banks authorised to deal in foreign exchange in India, along with the certificate from the bank raising the draft confirming that the draft has been issued by debit to NRE/ FCNR account.
2. Applications for the NRI / FII can be obtained from the Registered Office of the Company at Princess Street, Mumbai or from the Lead Manager or Registrar to the Issue.
3. The allotment of equity shares to NRI's shall be subject to RBI approval or any other requisite authority as may be necessary under the existing Exchange Control Regulation .The sale proceeds of such investment in equity shares by NRI's will be allowed to be repatriated along with income thereon, subject to instructions from RBI then in force and subject to Indian tax laws, provided that the investments are made by inward remittance from abroad through approved banking channels or out of funds held in NRE/ FCNR accounts maintained with a bank in India .
4. Refunds /dividends and other distributions, if any, will be payable in Indian Rupees only and met of bank charges/commission .In case of applicants who remit their application money from funds held in NRE/ FCNR accounts, such payments shall be credited to their respective NRE/FCNR accounts, under intimation to them .In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into US dollars or any other freely convertible currency as may be permitted by RBI at the exchange rate prevailing at the time of remittance and will be despatched by registered post , or if the applicants so desire , will be credited to their NRE/FCNR accounts , details of which shall be provided by the applicant . The company will not be responsible for loss, if any, incurred by the applicant on account of conversion of foreign currency into Indian Rupees and vice-versa.
5. Applications in this category cannot be made out of NRO accounts and such applications would be rejected. Applications out of NRO accounts can, however, be made in the category Resident Indian Public.
6. All cheques/Bank Drafts accompanying the Applications Form must be made payable to "Mangalam – Public Issue –NRI." And crossed " Account Payee only."

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

APPLICATION(S) WILL NOT BE ACCEPTED BY THE LEAD MANAGERS OR REGISTRAR TO THE ISSUE EXCEPT AS MENTIONED ABOVE.

Particulars of Bank Account

All the applicants should mention particulars relating to savings bank/current account number and the name of the bank and branch with whom such account is held in the appropriate place in the application form to enable the Registrar to print the said details in the refund orders after the name of the payee.

Please note that it is mandatory to provide the aforementioned details. Applications without these details would be treated as incomplete and applications are liable to be rejected.

Disposal of Application and Application Money:

No receipt will be issued for application money. However, the Bankers to the issue receiving the application will acknowledge the receipt of the application by stamping and returning the detachable acknowledgment slip appended to each application.



The sum received in respect of the issue will be kept in separate bank accounts and the Company will not have any access to the funds, unless approval of the designated stock exchange(s) is obtained for the basis of allotment and listing approval from the stock exchanges where listing is proposed.

The Company reserves the full unqualified and absolute right to accept or reject any application in whole or part and in either case without assigning any reason thereof.

Basis of Allotment:

In the event of the public issue being oversubscribed, the allotment will be done on a proportionate basis, subject to market lots as explained below:

- a. A minimum 50% of the net issue to the Indian public will be made available for allotment in favour of those retail applicants who have applied for equity shares of or for a value not more than Rs. 50,000/-. This percentage may be increased in consultation with BSE (Designated SE) depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance equity shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI guidelines.

The Executive Director/Managing Director of the Stock Exchange, Mumbai along with the Lead Manager and the Registrars to the Issue shall be responsible in ensuring that the basis of allotment is finalised in a fair and proper manner in accordance with the guidelines.

- b. The balance of Net Issue to the Indian public shall be made available to investors including corporate bodies/institutions and individual applicants who have applied for equity shares for a value more than Rs. 50,000/-.
- c. The unsubscribed portion of the net issue to any of the categories specified in (a) or (b) shall be made available for allotment to applicants in the other category, if so required.
- d. Applicants will be categorized according to the number of equity shares applied for.
- e. The total number of equity shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, i.e., the total number of shares applied for in that category (number of applications in the category multiplied by the number of equity shares applied for) multiplied by the inverse of the over subscription ratio. (subject to allotment being equal to the minimum application size)
- f. Number of equity shares to be allotted to the successful allottees will be arrived at on a proportionate basis, i.e., total number of equity shares applied for by each applicant in that category multiplied by the inverse of the over-subscription ratio.
- g. In all the applications where the proportionate allotment works out to less than 250 equity shares per applicant, the allotment shall be made as follows:
 - i. Each successful applicant shall be allotted a minimum of 250 equity shares, and
 - ii. The successful applicants out of the total applicants of that category shall be determined by drawal of lots in such a manner that the total number of equity shares allotted in that category is equal to the number of equity shares worked out as per (e) above.
- h. If the proportionate allotment to an applicant works out to a number that is more than 250, but is a fraction then for a fraction equal to or higher than 0.50 shall be rounded off to the next integer. If that fraction is lower than 0.50, the fraction shall be ignored. All applicants in such categories shall be allotted shares arrived at after such rounding off.
- i. The drawal of lots (wherever necessary) to finalise the basis of allotment shall be done in the presence of a public representative on the Governing Board of the designated stock exchange. The basis of allotment shall be signed as correct by the Executive Director/Managing Director of the designated stock exchange and the public representative (wherever applicable) in addition to the Lead Manager, Registrar to the Issue and the Company.
- j. If the equity shares allocated on a proportionate basis to any category is more than the equity shares allotted to the applicants in the category, the balance available equity shares for allotment shall be first adjusted against any other category where the allotted equity shares are not sufficient for proportionate allotment to the successful applicants in that category. The



balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of equity shares.

- k. In the event of over-subscription, in the process of rounding-off to ensure allotment in minimum application size, the Company may make such adjustments in the basis of allotment as may be necessary, in consultation with SEBI/stock exchanges. As the basis of allotment is on proportionate basis, in the process of rounding off to the nearest multiple of 250, the issue size may increase by a maximum of 10% of the net offer to Indian Public.

Note: The term "Retail Investor" means an investor who applied for securities of or for value of not more than Rs.50,000/-

Issue of Certificates:

In terms of Sec 68B the Company will not issue any share certificates instead, the Company shall give credit to the beneficiary account with the depository participant within two working days of finalization of allotment of shares.

Allotment Letters, Share Certificates and Refund Orders:

In accordance with the Companies Act, 1956 and the requirement of stock exchanges, the Company shall pay interest @ 15% per annum on the entire amount if the allotment of the equity shares has not been made within 30 days from the date of closure of the issue. This interest will be paid from the 31st day from the closure of the Issue until the actual date of allotment. Alternatively, in case of any delay in the dispatch of refund orders beyond 30 days from the closure of the Issue, interest @ 15% per annum will be paid on the refund amount from the 31st day from the closure of the Issue until the date of dispatch of the refund orders.

The Company shall ensure dispatch of refund orders of value up to Rs. 1,500/- under certificate of posting/Allotment advice and/or regret letters together with refund orders over Rs. 1,500/- by registered post only.

The Company has undertaken to make available necessary funds to the Registrar for the purpose of dispatch of allotment letters/refund orders as stated above.

Interest on Excess Application Money:

Payment of interest @15% per annum on excess application money (after adjusting the amount due on allotment) will be made to the applicants, if refund orders are not dispatched within 30 days from the date of the closure of the Issue as per the Guidelines issued by the Government of India, Ministry of Finance vide their letter no. F-8/6/SE/79 dated 21st July, 1983, as amended vide their letter no. F/14/SE/85 dated September 27, 1985 addressed to the stock exchanges, and as further modified by SEBI's circular SMD/RCG/33/1819/96 dated May 15, 1996.

Despatch of refund orders and demat credit would be completed and listing documents shall be submitted to the stock exchanges within 2 working days of the finalization of the basis of allotment. Formalities pertaining to the listing and trading of securities offered through this prospectus shall be completed at the stock exchanges where they are proposed to be listed, within 7 working days from the date of finalization of the basis of allotment. The Company shall ensure that "at par" arrangement is provided for the encashment facility on all refund orders.

Interest in case of Delay in Allotment and Despatch:

- a. As far as possible, allotment of securities offered to the public shall be made within 30 days of the closure of this Issue.
- b. The issuers shall pay interest @ 15% per annum for the period of delay beyond 30 days if the allotment has not been made and/or refund orders have not been dispatched to the investors within 30 days from the date of closure of the Issue.

Scope of Activities of the Registrars to the Issue:

The Registrars to the Issue shall also be the Share Transfer Agent and would also be responsible for all the post-issue activities pertaining to this issue.



Undertaking by the Company in terms of SEBI Clause 6.5.6. of SEBI Guidelines

The Company hereby undertakes:

- a. That the complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily.
- b. That all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the securities are to be listed shall be taken within seven working days of finalisation of basis of allotment.
- c. That the issuer company shall apply in advance for the listing of equities on the conversion of bonds, if applicable.
- d. That the funds required for dispatch of refund orders/allotment letters by registered post shall be made available to the Registrar to the Issue by the Issuer Company.
- e. That no further issue of securities shall be made till the securities offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.
- f. That necessary cooperation with the credit rating agency(ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding, if applicable.
- g. The Company, its promoters, any of the Company's associates of group companies, and other Companies with which directors of the Company are associated as directors or promoters have neither been suspended by SEBI or been prohibited from accessing the capital market nor has any disciplinary action been taken by any order or direction passed by SEBI.
- h. At any given time that there shall be only one denominator of the shares of the Company and the Company shall comply with such disclosures and accounting norms specified by SEBI from time to time.
- i. All information shall be made available to the Lead Managers and the issuer to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road shows, presentations, in research of sales reports etc.

GENERAL INFORMATION

1. Joint Applications:

An application may be made in single or joint names (not more than three) as mentioned elsewhere in the Prospectus. In case of a joint application, refund pay order (if any) and dividend/warrants, etc., will be made out in favour of the first applicant.

All communications will be addressed to the applicant whose name appears first and will be dispatched to the first applicant's address stated in the application form.

2. Multiple Applications:

An applicant should submit only one application (and not more than one) for the total number of equity shares required. Applications may be made in single or joint names (not more than three). Two or more applications, in single and/or in joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same. The Company, in its absolute discretion reserves the right to accept or reject all or any multiple applications.

3. Application under Power of Attorney:

In case of applications under Power of Attorney or by limited companies or corporate bodies or societies, the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with a certified true copy thereof along with a copy of Memorandum and Articles of Association and /or byelaws must be attached to the Application Form at the time of making the application or lodged for scrutiny separately indicating the Serial No. of the Application Form with the Registrar to the Issue at their address, within 10 days from the closure of the Issue, failing which, the Issuer reserve the full,



unqualified and absolute right to accept or reject any application in whole or in part and in either case without assigning any reason thereof.

4. Thumb impression or signature in language other than English, Hindi or any other language specified in the 8th Schedule of the Constitution of India must be attested by a magistrate or public notary or a special executive magistrate under his official seal.
5. All communications should be addressed to the Registrar to the Issue.
6. The applicant should mention the Application Form number on the reverse of the instrument through which payment is made.
7. Applicants are advised that it is mandatory for them to indicate in the space provided in the application form, details regarding their savings bank/current account numbers and the name of the branch of the bank to which they want the proceeds of refund to be credited. Applications not containing such details are liable to be rejected.
8. Where an application is for allotment of equity shares for a total value of Rs. 50,000 or more, i.e., the total number of securities applied for multiplied by the Issue price is Rs. 50,000/- or more, the applicant or in the case of applicants in joint names, each of the applicants should mention his permanent account number (PAN) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR number and the Income Tax Circle/Ward/District should be mentioned. In case where neither the PAN nor the GIR number has been allotted, the fact of non-allotment should be mentioned in the application form. Application forms without this information will be considered incomplete and will be liable to be rejected.
9. Having regard to provisions of Section 269SS of the Income Tax Act, 1961, the subscription against the equity shares application for an amount of Rs. 20,000 or more should not be effected in cash and must be offered only by an A/c payee cheque/bank draft. In case payment is effected in contravention of the provisions, the application is liable to be rejected and application money will be refunded without interest.
10. A separate cheque/bank draft must accompany each application form.
- 11. Rejections on Technical grounds:**
 - a) If age is not mentioned
 - b) If bank account details are not mentioned
 - c) Applications without PAN/GIR no (i.e.: for applications for Rs. 50,000 and above)
 - d) Corporate applications without documents (Board resolution, certified copy of memorandum and articles of association)
 - e) More than one application with a single cheque
 - f) Applications made with cash exceeding Rs. 20,000/-

12. Depository Option to Investors

In terms of Section 68B of the Companies Act, the equity shares in this Issue shall be allotted only in dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

The ISIN No allotted to the Company: INE584F01014.

Applications from any investor without the following details of his or her depository account are liable to be rejected:

- An applicant applying for equity shares must have at least one beneficiary account either of the depository participants of NSDL or CDSL prior to making the Application.
- The applicant must necessarily fill in the details (including the beneficiary account number and depository participants identification number) appearing in the application form.
- Equity shares allotted to applicant will be credited in electronic form directly to the beneficiary account (with the depository participant) of the applicant.



- Names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the -applicants(s).
- If incomplete or incorrect details are given under the heading 'Applicant Depository Account Details' in the Application Form, it is liable to be rejected.
- The applicant is responsible for the correctness of his or her demographic details given in the application form vis-à-vis those with his or her depository participant.
- It may be noted that equity shares in electronic form can be traded only on stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where our equity shares are proposed to be listed are connected to NSDL and CDSL.
- The trading of equity shares of the company would be in dematerialised form only for all investors.

MARKETABLE LOT

The Company shall allot the equity shares in dematerialised form only. The trading in the equity shares of the Company shall only be in dematerialised form for all investors., where the marketable lot is one equity share. Allotment of the equity shares will be done in electronic form in lots of one (1) equity share.

ARRANGEMENT FOR DISPOSAL OF ODD LOTS

The Company has not made any arrangements for disposal of odd lot of shares arising out of this Issue as the marketable lot is ONE.

NOMINATION FACILITY TO INVESTORS

In accordance with Section 109A of the Act, applicants may nominate any one person with whom, in the event of the death of the applicants as the case may be, the equity shares allotted if any, shall vest. A person being a nominee entitled to the equity shares by reason of death of the original holder(s), shall in accordance with Section 109A of the 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 shares. Where the nominee is a minor, the holder may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity shares in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made on a prescribed form available on request at the registered office of the Company or to the Registrar and transfer agents of the Company. In accordance with Section 109B of the Act, any person who becomes nominee by virtue of 109A of the Act shall upon production of such evidence as may be required by the Court, elect either:

- a) To register himself or herself as holder of equity shares or
- b) To make such transfer of the equity shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the equity shares, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirement of the notice have been complied with.

Since the allotment / transfer of equity shares in the offer will be made only in dematerialised form, there is no need to make separate nomination with us. Nomination registered with respective depository participant of the applicant would prevail. If the investors require to change nomination they are required to inform their respective depositories participants

D. UTILISATION OF ISSUE PROCEEDS

The Board of Directors states that:

- a. All monies received out of the issue of shares to the public shall be transferred to a separate bank account other than the bank account referred to in Sub-section (3) of Section 73 of the Companies Act, 1956.



- b. Details of all monies utilized out of this issue referred to in Item (a) shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilized.
- c. Details of all unutilised monies out of this issue of shares, if any referred to in item (a) 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;

E. TAX BENEFITS TO THE COMPANY AND ITS MEMBERS

M/S Milwani Associates, Chartered Accountants and the Auditors of the company have certified vide their letter dated 4th October 2004, that under the current provisions of the Income tax Act, 1961 and the existing laws for the time being in force, the following benefits inter-alia, will be available to the company and the members:

The Board of Directors
Mangalam Drugs & Organics Limited
292, Princess Street,
2nd Floor,
Near Flyover,
Mumbai – 400 001

Sub: Statement of Tax benefits

Dear Sirs,

We hereby certify that the enclosed annexure states the tax benefits available to **Mangalam Drugs & Organics 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 is 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.

Place : MUMBAI
Date : 4th October, 2004

For Milwani Associates
Chartered Accountants

(Rakesh K. Milwani)
Proprietor
Membership No. 36099



ANNEXURE TO THE CERTIFICATE DATED October 4th, 2004

TAX BENEFITS

(A) BENEFITS TO THE COMPANY UNDER INCOME TAX ACT, 1961:

1. The Company will be entitled to deduction of the relevant amount from its total income chargeable to Income Tax, calculated otherwise than under the provisions of Section 115JB of the Income Tax Act, 1961, In respect of any expenditure incurred or any amount paid, subject to compliance of certain conditions laid down in.
 - (a) Section 35 (1) m (i) and (iv) of the Income Tax Act, 1961 in respect of any revenue expenditure incurred or any capital expenditure incurred other than the expenditure on the acquisition or any land, on scientific research related to the business of the Company to the extent of the expenditure incurred.
 - (b) Section 35(1)(2AB) of the Income Tax Act, 1961, in respect of any expenditure not being capital expenditure in the nature of cost of any land and building on in-house research and development facility as approved by the prescribed authority and enters into an agreement with the prescribed authority for co-operation in such research and development facility, to the extent of a sum equal to one and one-half times of the expenditure so incurred.
 - (c) Section 35 (1) (ii) and (iii) of the Income Tax Act, 1961 in respect of any sum paid to a scientific Research Association which has as its object of undertaking scientific research or to any approved university, college or other institution to be used for scientific research or for research in social science or statistical Research to the extent of sum equal to one and one fourth of the sum paid.
2. Subject to Compliance of certain conditions laid down in Section 32 of the Income Tax Act, 1961 the Company will be entitled to a deduction for depreciation:-
 - (a) In respect of tangible assets and intangible assets being in the nature of know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998, at the rates prescribed under Income Tax Rules;
 - (b) In respect of machinery or plant which has been acquired and installed after 31st March 2002 for the purpose of new industrial undertaking or in respect of the existing manufacturing facilities which benefits in increasing the installed capacity by not less than twenty five percent a further sum of 15% of the actual cost of such machinery or plant will be allowed a deduction;

(B) TO THE MEMBERS OF THE COMPANY - UNDER THE INCOME TAX ACT, 1961

B1: Resident Members

1. In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in Section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
2. In terms of section 10(23D) of the Income Tax Act, 1961 all Mutual Funds set up by Public Sector Banks or Public Financial Institutions or Mutual Funds registered under the Securities and Exchange Board of India or authorized by the Reserve Bank of India, subject to the conditions specified therein are eligible for exemption from income tax on all their income, including income from investment in the shares of the company.
3. In Terms of Section 10(38) of the Income Tax Act, 1961; if the companies shares are sold after being held for not less than twelve months and the transaction of sale is chargeable to transaction tax as defined in Chapter VII of finance (No.2) Act, 2004 the capital gains on sale of such shares shall be exempt from Income tax.
4. In terms of Section 111A of the Income Tax, 1961 if the companies shares are sold without the same being held for less than twelve months and the transaction of sale is chargeable to transaction tax as defined in Chapter VII of the finance (No.2) Act, 2004 Income Tax on the same shall be payable at 10% of the gain (plus applicable surcharge and education cess at 2% of the tax).



5. Under section 48 of the Income Tax Act, 1961 if the company's shares are sold after being held for not less than twelve months, in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961, the gains if any will be treated as long term capital gains and the gains shall be calculated by deducting from the gross consideration, the indexed cost of acquisition.
6. Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961, will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - (i) National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
 - (ii) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - (iii) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
 - (iv) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and
 - (v) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
7. Under section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains on the transfer of shares of the Company, in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961, 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 public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely
 - (a) the issue is made by a public company formed and registered in India;
 - (b) the shares forming part of the issue are offered for subscription to the public;
8. Under section 54F of the Income Tax Act, 1961 long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961, 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.
9. Under section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, Long term capital gains, (i.e., if shares are held for a period exceeding 12 months) arising on transfer of shares in the Company, in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961, shall be taxed at a rate of 20% (plus applicable surcharge and education cess of 2% of tax) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (plus applicable surcharge) and education cess of 2% of tax without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

B2: Non-Resident Indians/ Non Residents Members [Other than FIIs and Foreign venture capital investors]

- (i) In Terms of Section 10(38) of the Income Tax Act, 1961; if the companies shares are sold after being held for not less than twelve months and the transaction of sale is chargeable to transaction tax as defined in Chapter VII of finance (No.2) Act, 2004 the capital gains on sale of such shares shall be exempt from Income tax.



- (ii) In terms of Section IIIA of the Income Tax, 1961 if the companies shares are sold without the same being held for less than twelve months and the transaction of sale is chargeable to transaction tax as defined in Chapter VII of the finance (No.2) Act, 2004 Income Tax on the same shall be payable at 10% of the gain (plus applicable surcharge and education cess at 2% of the tax).
- (iii) Under section 115-I of the Act, a non-resident Indian (i.e. an individual being a citizen of India or person of Indian origin who is not a 'resident') has an option to be governed by the provisions of Chapter 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 Income Tax Act, 1961, where shares in the company are acquired or subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the nonresident on transfer of shares in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961, held for a period exceeding 12 months shall be concessionaly taxed at the flat rate of 10% (Plus applicable Surcharge and education cess of 2% of tax) (without indexation benefit but with protection against foreign exchange fluctuation).
 - (b) Under provisions of section 115F of the Income Tax Act, 1961 long term capital gains arising to a non-resident Indian from the transfer of shares of the company in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961, subscribed to in convertible Foreign Exchange 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.
 - (c) Under provisions of section 115G of the Income Tax Act, 1961 it shall not be necessary for a Non-Resident Indian to furnish his return of income if his income chargeable under the Act, consists of only investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible where applicable i.e. where shares are transferred in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961, at source has been deducted therefrom.
- (iv) Under the first proviso to section 48 of the Income Tax Act, 1961, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares. However, the benefit will be available only when the shares are transferred in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961,
- (v) Under Section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains arising on the transfer of shares of the Company in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961, will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by
 - (a) National Bank for Agriculture and Rural Development established under section 3 of The National Bank for Agriculture and Rural Development Act, 1981;
 - (b) National Highway Authority of India constituted under section 3 of The National Highway Authority of India Act, 1988;
 - (c) Rural Electrification Corporation Limited, the company formed and registered under the Companies Act, 1956;
 - (d) National Housing Bank established under section 3(1) of the National Housing Bank Act, 1987; and



- (e) Small Industries Development Bank of India established under section 3(1) of the Small Industries Development Bank of India Act, 1989;
- (vi) Under Section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains on the transfer of shares of the company, in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961, as and when it is listed, will be exempt from capital gains tax if the capital gain are invested in shares of an Indian company forming part of an eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –
- (a) the issue is made by a public company formed and registered in India;
 - (b) the shares forming part of the issue are offered for subscription to the public;
- (vii) Under Section 54F of the Income Tax Act, 1961 long term capital gains arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the company in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961, will be exempt from capital gain tax subject to other conditions, if the net consideration from such shares are used for purchase of residential house property within a period of one year before and two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- (viii) Under Section 112 of the Income Tax Act, 1961 and other relevant provisions of the Act, Long term capital gains (i.e. if shares are held for a period exceeding 12 months), arising on transfer of shares in the Company, in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961, shall be taxed at a rate of 20% (plus applicable surcharge and education cess of 2% of tax) after indexation as provided in the second proviso to section 48. The amount of such tax should however, be limited to 10% (plus applicable surcharge and education cess of 2% of tax) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.

B3: Foreign Institutional Investors (FIIs)

- (i) In Terms of Section 10(38) of the Income Tax Act, 1961; if the companies shares are sold after being held for not less than twelve months and the transaction of sale is chargeable to transaction tax as defined in Chapter VII of finance (No.2) Act, 2004 the capital gains on sale of such shares shall be exempt from Income tax.
- (ii) In terms of Section IIIA of the Income Tax, 1961 if the companies shares are sold without the same being held for less than twelve months and the transaction of sale is chargeable to transaction tax as defined in Chapter VII of the finance (No.2) Act, 2004 Income Tax on the same shall be payable at 10% of the gain (plus applicable surcharge and education cess at 2% of the tax).
- (iii) In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
- (iv) The income by way of short term capital gains or long term capital gains in a manner not governed by (i) and (ii) above 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 – 30% (Plus applicable surcharge and education cess of 2% of tax).
 - Long term capital gains – 10% (Plus applicable surcharge and education cess of 2% of tax) (without cost indexation and protection against foreign exchange fluctuation)
 - (Shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months.)
- (v) Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain arising on the transfer of share of the company in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961, will be exempt from capital gain tax if the capital gain are invested within a period of 6 month after the date of such transfer for a period of last 3 year in bond 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.
- (vi) Under section 54ED of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gains on the transfer of shares of the company, in a manner other than as specified in Section 10(38) of the Income Tax Act, 1961, as and when it is listed, will be exempt from capital gains tax if the capital gain are invested in shares of an India company forming part of a eligible public issue, within a period of 6 months after the date of such transfer and held for a period of at least one year. Eligible public issue means issue of equity shares which satisfies the following conditions, namely –
- (a) the issue is made by a public company formed and registered in India;
 - (b) the shares forming part of the issue are offered for subscription to the public;

B4: Venture Capital Companies/Funds

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

(C) Benefits to Members of the Company under the Wealth Tax Act, 1957

Shares of company held by the shareholder will not be treated as an asset within the meaning of section 2(ea) of Wealth Tax Act 1957, hence no Wealth Tax will be payable on the market value of shares of the company held by the shareholder of the Company.

(D) Benefits to Members of the Company under the Gift Tax Act, 1958

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:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2004.
2. The stated benefits will be available only to the sole/first named holder in case the shares are held by joint holders.
3. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and the country in which the non resident has fiscal domicile.
4. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.



IV. PARTICULARS OF THE ISSUE

A. OBJECTS OF THE ISSUE

The proceeds of this Issue shall be deployed for the following:

- To meet the cost of the project for expansion of its existing facilities as well as expansion of capacity of an existing product at new site.
- To meet additional working capital requirement.
- To meet the preliminary expenses and the expenses of the issue.
- To repay high cost loans

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

The Company is proposing to enhance its capacity to manufacture anti-malarial bulk drugs by 600 MTPA and to manufacture Aluminium Chloride by 6000 MTPA.

B. COST OF THE PROJECT AND MEANS OF FINANCE

The cost of project and means of finance has not been appraised by any Bank / Financial Institution / Merchant Banker and are the company's own estimates

Cost of the Project

(Rs. in Lacs)

Particulars	Total Cost	
	Amount (at an issue price of Rs.20/- per share)	Amount (at an issue price of Rs.22/- per share)
Land, Building & Site development	214.00	214.00
Plant & Machinery (Indigenous)	412.00	412.00
Miscellaneous Fixed Assets	238.00	238.00
Preliminary Expenses	119.00	131.00
Margin for working capital	317.00	317.00
Repayment of Long Term Loan	-	118.00
TOTAL	1300.00	1430.00

Means of Finance

(Rs. in Lacs)

Particulars	Amount (At an issue price of Rs.20 /- per share)	Amount (At an issue price of Rs. 22/- per share)
IPO—Equity Shares	650.00	650.00
Share Premium	650.00	780.00
Total	1300.00	1430.00

Proposed Deployment of Funds in the Project

The quarter-wise break-up of proposed deployment of fund is mentioned below:

(at an issue price of Rs. 20)

(Rs. in Lacs)

Particulars	Jan-Mar 05	Apr-Jun 05	Jul-Sep 05
Land and Site Development	33	0	0
Building	90.50	90.50	
Plant and Machinery and Miscellaneous Fixed Assets	216	216	218
Additional working capital requirement	-	-	317
Preliminary expenses	119	-	-
Total	458.50	306.50	535



(at an issue price of Rs. 22)

(Rs. in Lacs)

Particulars	Jan-Mar 05	Apr-Jun 05	Jul-Sep 05
Land and Site Development	33	0	0
Building	90.50	90.50	
Plant and Machinery and Miscellaneous Fixed Assets	216	216	218
Additional working capital requirement	-	-	317
Preliminary expenses	131	-	-
Repayment of Long term loan	118		
Total	588.50	306.50	535

C. DETAILS OF COST OF PROJECT:

I. DETAILS OF LAND & SITE DEVELOPMENT:

a. PROJECT ALUMINIUM CHLORIDE (ANHYDROUS)

The Company is planning to set up an Aluminium Chloride (Anhydrous) plant with a capacity of 6000 MTPA. The company has identified site for this project at STICE, Musulgaon, Sinnar, Dist. Nashik. This industrial Estate is on Nashik-Shirdi highway is one of the big Industrial Estate in the state of Maharashtra. The Industrial Estate has proper Infrastructure of Roads, street light, Banks, Three Star Hotel & transport facilities. The Industrial Estate's MSEB has 132 KVA station, making it is easy to procure electrical connection of any required load. Water is brought directly from Darna dam hence availability of water in plenty is assured. Major transporters have their Godowns & offices in the area ensuring free and faster movement by road. Railway station is 20 km away at Nashik Road having connection all over India. Approximately 8000 sq. mt plot would be required for setting up the proposed facility. Plots of the required size are easily available in this Industrial estate.

Sr. No.	Item	Quantity	Rate (in Rs.)	Rs. in lacs
1.	Land	7000	285 per sq. mt.	20.00
2.	Road & Parking with drainage	3700	105 per sq. mt.	3.88
3.	Green Belt (with plantation)	1100	105 per sq. mt.	1.15
4.	Compound Wall	4000	200 per sq. mt.	8.00
5.	Building Process Area	10000	400 per sq. ft.	40.00
6.	Building Local Packing Area	22500	300 per sq. ft.	7.50
7.	Building Export packing	2000	300 per sq. ft.	6.00
8.	Office Building	2500	400 per sq. ft.	10.00
9.	Chlorine Shed	3000	150 per sq. ft.	4.50
10.	M.T. Room	1000	200 per sq. ft.	2.00
11.	ETP Preliminary work	5000	200 per sq. ft.	10.00
				113.03

(Rounded off to Rs.113.00)

Existing Capacity:

Installed (per day) : 9.18 M/T
Total : 3350 MTPA

Proposed Capacity (On Completion of Expansion):

Installed (per day) : 25.62 MT
Total : 9350 MTPA



b. PROJECT – BULK DRUGS

Sr. No.	Item	Area (in Sq. Ft.)	Rate (in Rs.)	Amount (Rs. in Lacs)
1.	R.c.c. Frame Structure Building with Ground +3 Floors with slab	14340	550	78.87
2.	R.c.c. Frame Structure Administration Building with Ground +3 Floors with slab	1300	1000	13.00
3.	R.c.c. Machine Foundation, Tank Foundation, Surrounding Pavement, GMP related false Ceiling, Painting etc.			10.00
				101.87

(Rounded off to **101.00**)

Existing Capacity:

Installed (per day) : 1.64 MT
Total : 600 MTPA

Proposed Capacity (On Completion of Expansion):

Installed (per day) : 4.33 MT
Total : 1560 MTPA

II. DETAILS OF PLANT & MACHINERY PROPOSED TO BE ACQUIRED FOR THE PROJECT.

a. PROJECT ALUMINIUM CHLORIDE (ANHYDROUS)

(Rs. in Lacs)

Sr. No.	Item	Name of the Party	Date of Quotation	Qty.	Rate (in Rs.)	Total
1	Furnace	Mechanical Steel Fabricator, Vapi	01.08.04	8 Nos.	2,00,000	16.00
2	Condensors	Mechanical Steel Fabricator, Vapi	01.08.04	8 Nos.	2,00,000	16.00
3	Sillo M S	Mechanical Steel Fabricator, Vapi	01.08.04	4 Nos.	69,300	2.77
4	Buffers M.S.	Mechanical Steel Fabricator, Vapi	01.08.04	10 Nos.	20,700	2.07
5	Receiver Tank	Mechanical Steel Fabricator, Vapi	01.08.04	20 Nos.	8,600	1.72
6	Ventury Scrubbers	Trimurti Plastics, Vapi	16.08.04	10 Nos.	30,000	3.00
7	P.P.Absorbors	Trimurti Plastics, Vapi	16.08.04	2 No.	30,000	0.60
8	Electric Hoist 2 Ton Capacity	Micro Finish Engg.Works, Pune	23.08.04	4 Nos.	90,000	3.60
9	Vibrator (Rubber-lined)	SMP Industries, Mumbai	23.08.04	2 Nos.	98,000	1.96
10	Generators	Gentech Diesels, Vapi	14.08.04			5.00
11	Crusher	Rieco Ind.Ltd., Pune	17.08.04	1 Nos.	1,75,000	1.74
12	Receiver Pallet Trolley	Standard Equipment	24.08.04	10 Nos.	3,500	0.35
13	Hydraulic Pallet Trolley	Macneill Engg.Ltd. Pune	17.08.04	2 Nos.	18,475	0.44
14	Export Packing System	S.D.Engg. Works, Vadodara	19.08.04		34,01,640	34.02
15	Acid Proof Bricklining of Furnace	Altaba Insulation, Vapi	06.09.04	8 Nos.	1,50,000	12.00
16	P.P.Pumps	Bhagwati Engg Works, A'bad	31.08.04	18 Nos.	11,100	2.08
						103.35

(Rounded off to Rs.**103.00**)



b. PROJECT – BULK DRUGS

Sl No	Description	Name of Supplier	Date of Quotation	Amount (Rs. in lacs)	No. of Units
1.	Reactors S.S.316-4KL	N.H.Harsora	26.05.04	32.67	4 Nos.
2.	Reactors S.S.316-3KL	N.H.Harsora	26.05.04	27.93	4 Nos.
3.	Reactors S.S.316-2KL	N.H.Harsora	26.05.04	25.14	4 Nos.
4.	Glass Lined Reactor- 3 KL	Swiss Glasscoat	03.10.03	17.76	2 Nos.
5.	Glass Lined Reactor – 4 KL	Swiss Glasscoat	21.05.04	23.67	2 Nos.
6.	Hot Oil Unit	Isotex	13.04.04	6.24	1 No.
7.	Cooling Tower	Advance	19.04.04	3.39	2 Nos.
8.	Agitator Nutch – 4KL	H.L.Engg.	09.06.04	77.00	4 Nos.
9.	RVD – 2KL S.S. 316	Dalco		28.95	3 Nos.
10.	FBD – S.S. 316 – 60 KG.	Saral Engg.		14.11	2 Nos.
11.	Centrifuge – 48" S.S.316	D.Parikh	06.05.04	22.32	2 Nos.
12.	Multi Mill – S.S. 316	Kothari Pharma	15.05.04	1.33	1 No.
13.	Air Handling Unit	Systems & Solutions		5.07	Unit
14.	Jet Mill	Microtech Engineering Company	04.09.04	11.69	1 No.
15.	Heat Exchange	Thermal System & Engineers	20.07.04	12.24	20 Nos.
				309.51	

(Rounded off to Rs.309.00)

III. MISCELLANEOUS FIXED ASSETS

(Rs. in Lacs)

Sr. No.	Item	Name of Supplier	Date of Quotation	Amount
1.	Valves	Liberty Valves Pvt. Ltd.	10.01.04	26.13
2.	"C" Pipes	Chetak Tube Traders	29.09.04	8.92
3.	"C" Pipe Fitting	Chetak Machinery Store	29.09.04	7.60
4.	Instrumentation	Real Instruments & (Caliber Laboratories)	29.09.04	24.05
5.	SS Pipe	Prakash Steelage Ltd.	07.10.04	30.56
6.	SS Pipe fitting	Jaypee Steel	07.10.04	8.91
7.	Electrically	Electro Links	17.08.04	42.29
8.	Insulation	Win Insulators	15.05.04	20.03
9.	Laboratory./ R&D	C. Abhay Kumar & Co.	08.10.04	19.66
10.	Digital PH Meter	R.Mansukhlal & Co.	08.10.04	0.35
11.	ETP	Environment Pollution Control Consultants	20.08.04	20.75
12.	Erection	Excel Engineers	22.08.04	16.70
13.	Miscellaneous Infrastructure	A. B. Phadke	28.08.04	10.85
14.	Safety Equipments & Fire fighting	National Fire Service	30.09.04	1.20
				238.00

IV. PRELIMINARY EXPENSES

Preliminary expenses include expenses towards issue management, travelling and conveyance and other expenses relating to setting up of the project.



Issue Expenses

The expenses for this Issue include management fees, brokerage, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees payable to the stock exchanges, among others. The total expenses for this Issue are estimated to be approximately 9.16% at the lowest price band and 9.15% at the highest price band of the total proceeds of the Issue

V. ADDITIONAL WORKING CAPITAL MARGIN REQUIREMENT

The Company intend to raise funds to meet part of its working capital margin requirements. The Company's working capital requirement arises primarily from stocks, sundry debtors, deposits and advance income tax. The Company anticipates that it would require Rs.317 Lacs for working capital margin requirements. The afore-mentioned estimates of working capital have not been assessed by any bank or financial institution or Merchant Banker but have been estimated by the Company.

The norms assumed for the working capital requirement for the Company are based on the historical norms that emerge for the financial statements of the Company:

Particulars	Basis	Actual Norms for 2003-04	Norm Assumed for 2004-05
Raw Material:			
Imported	In days	50	60
Indigenous	In days	17	21
WIP	In days	18	21
Finished Goods	In days	10	21
Sundry Debtors	In days	90	90
Sundry Creditors:			
Imported	In days	149	150
Local	In days	18	21

Loans and advances as well as Provisions are actual or estimated but not on the number of days.

The Company's requirement of working capital for the financial year 2004-2005 has been arrived as under: **(Rs. in Lacs)**

Particulars	Estimated Working Capital Requirement for the Year Ended 31-Mar-2005	Actual Working Capital deployed for the Year Ended 31-Mar-2004
CURRENT ASSETS		
- Inventories	1390.00	879.30
- Sundry Debtors	2275.00	1964.31
- Other current Assets	537.00	173.90
- Loans & Advances	-	-
Sub Total	4202.00	3017.53
<u>Less: Current Liabilities & Provisions</u>	822.00	535.99
Sub Total	822.00	535.99
Net Working Capital	3380.00	2481.55
Less: Bank finance of Working Capital	1900.00	1318.52
Working Capital Margin	1480.00	1163.00
Additional Working Capital Margin Requirement		317.00



VI. REPAYMENT OF LONG- TERM LOAN:

The company intends to repay the high interest bearing Term loan availed from Saraswat Co-operative Bank and United Western Bank.

VII. 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.

Notes:

- All suppliers relating to purchase of new equipments and other accessories are in no way related/connected to the promoters/directors of the Company.
- The Company is yet to place firm orders with the suppliers.
- The Company intends to place orders after the issue is completed.

VIII. MANPOWER REQUIREMENT:

The following is the manpower requirement for the proposed projects at Vapi and Sinnar:

Category	Vapi	Sinnar
Supervisor/Officers	3	1
Skilled	10	4
Unskilled	35	15
Others	15	5
Total	63	25

IX. SCHEDULE OF IMPLEMENTATION

a. PROJECT – ALUMINIUM CHLORIDE (ANHYDROUS)

Sr. No.	Activities	Commencement (Month, Year)	Completion (Month, Year)
1.	Acquisition of Land	January, 2005	February, 2005
2.	Civil Work		
	- Factory	March, 2005	June, 2005
	-Auxiliary	May, 2005	July, 2005
3.	Plant &Machinery		
	-Order	May, 2005	June, 2005
	-Delivery	June, 2005	End of July, 2005
4.	MFA		
	-Order	July, 2005	End of September, 2005
	-Delivery	July, 2005	End of September, 2005
5.	Erection Of Equipment	August, 2005	End of August, 2005
6.	Commissioning	August, 2005	End of August, 2005
7.	Pre-load Sanction (Power)	July, 2005	End of July, 2005
8.	Environmental Clearance	May, 2005	End of May, 2005
9.	Trial Run	September, 2005	End of September, 2005
10.	Commercial Production	September, 2005	End of September, 2005



b.PROJECT – BULK DRUGS

Sr. No.	Activities	Commencement (Month, Year)	Completion (Month, Year)
1.	Acquisition of Land	Ready	Ready
2.	Civil Work		
	- Factory	January, 2005	April, 2005
	-Auxiliary	February, 2005	May, 2005
3.	Plant &Machinery		
	-Order	February, 2005	March, 2005
	-Delivery	May, 2005	End of May, 2005
4.	MFA		
	-Order	March, 2005	End of March, 2005
	-Delivery	May, 2005	End of May, 2005
5.	Erection Of Equipment	June, 2005	End of July, 2005
6.	Commissioning	August, 2005	End of August, 2005
7.	Pre-load Sanction (Power)	Already sanctioned. Existing sanction is sufficient	-
8.	Environmental Clearance	April, 2005	May, 2005
9.	Trial Run	And of August, 2005	End of September, 2005
10.	Commercial Production	September, 2005	Mid of September, 2005



V. COMPANY AND THE MANAGEMENT

A. HISTORY AND BACKGROUND

Mangalam Drugs & Organics Limited (Mangalam) is a part of the Mangalam Group, promoted by Dhoot family in 1972 as Advent Pharma Private Limited with a view to set up a plant for manufacture of organic and inorganic chemicals. On April 1, 1996 three other group companies i.e. Mangalam Organics Private Limited, Shree Mangalam Pharma Private Limited and Mangalam Rasayan Private Limited were merged with Advent Pharma Private Limited. Under the scheme of arrangement approved by the Honorable High Court, Mumbai and Gujarat, the entire chemical division of MOPL, MRPL and SMPPL was transferred to and vested in MDOL as a going concern free from all encumbrances and on that basis MDOL issued one fully paid equity share of MDOL for every twenty fully paid equity shares of MOPL, twelve fully paid equity shares of MDOL for every five fully paid equity shares of MRPL and twenty-seven fully paid equity shares of MDOL for every five fully paid equity shares of SMPPL to the share holders of MOPL, MRPL and SMPPL respectively. Subsequent to this merger, the name of Advent Pharma Private Limited was changed to Mangalam Drugs and Organics Private Limited. In September 1997, it became a deemed public limited company in terms of Section 43A of the Companies Act, 1956. In 2001, the company was converted into a public limited company.

The company has a state of art multi-product manufacturing facilities at Vapi in Gujarat and Sangamner in Maharashtra for production of bulk drugs, perfumery chemicals, inorganic chemicals and disperse dyes intermediaries with a strong in-house Research and Development base.

MDOL is an ISO 9001 certified company, with a WHO GMP Certificate (since expired, has applied for renewal) for its bulk drugs manufacturing plant, implying that the company carries out good manufacturing practices, which is an important tool for promoting its exports. It enjoys a strong brand name in the domestic market with over three decades of experience in the industry with a wide and satisfied customer base.

Company's manufacturing facility at Plot No. 187, Vapi has received Certification of Suitability dated 27th September 2004, from European Directorate for the Quality of Medicine (EDQM) for the production of an existing product, Nimesulide.

In the year 2003-2004, the bulk drug production capacity of the Company was increased from 350 MTPA to 600 MTPA. During the current year, the capacity is being further enhanced to 960 MTPA. Presently various bulk drugs, other drug intermediates and specialty chemicals such as Nimesulide, 4-M.E.P., Oranger Crystals and DTDBA are being produced in the production facilities. The cost of expansion of capacity is Rs.975 lacs and the same would be financed through internal accruals / unsecured loans from promoters to the tune of Rs.325 lacs and balance amount of Rs.650 lacs being financed by Term Loan from State Bank of India. The said term loan has been sanctioned by SBI and the company has commenced drawal of funds.

The company with its proven R & D process, has the ability to improve processes through process innovation, enhance process yields, thereby reduce costs, coupled with flexible production process, places it in a position of strength to cater to the requirement of its customers under one roof. Thus, the company has been able to carve a place for itself in the segments it is operating in.

There exists an extremely good market for Anti-Malarial Drugs and Aluminium Chloride being produced by the company. It intends to take advantage of the estimated demand supply gap in the market and capitalize on its present strengths in quality, experience and reputation. The Company has a stable and well-established customer base and flexible distribution network for its products. Recently, the Government of India has imposed an anti-dumping duty on import of Chloroquine Phosphate vide their Notification No. 14/3/2003-DGAD dated 15th July, 2004, which is likely to result in a major surge in demand for the product in the local market.

Vision, Mission, Quality Policy & Core Values:

Vision:

- To Be a well respected company in the businesses and geographies we operate in and
- To Become an admired bulk – drugs (API) manufacturing company with strong focus on research.



Mission:

To achieve growth in business by

- Attaining globally competitive cost levels
- Enhancing the value we deliver to stakeholders
- Commitments to corporate responsibility

Employees are our strength and we will create an environment that fosters achievement, innovation and teamwork.

Quality Policy:

Mangalam is committed to customer satisfaction by offering quality products and services meeting their specifications and expectations at competitive prices by customer – employee – vendor in involvement and adopting GOOD MANUFACTURING PRACTICES AND QUALITY MANAGEMENT SYSTEMS.

It aims to create and maintain safe and healthy working conditions, protect the environment, strive for continual improvement of our personnel, quality and processes of products and meet regulatory requirements.

Core Values:

- Excellence
- Innovation
- Fairness
- Transparency
- Encouraging Initiative

Key Strengths:

- Existing company with three decades of experience and expertise in its field
- An established brand name
- In-house manufacturing facilities with the state of art process, quality control and R & D
- Availability of Pilot Plant
- Proven leadership
- Extensive Marketing network in India and abroad
- Proven R&D capabilities to develop efficient and cost effective process
- ISO 9001 certification and WHO-GMP* Certification for CQP Plant at the Vapi facility
- Certification of Suitability from European Directorate for the Quality of Medicine (EDQM) for the production of an existing product, Nimesulide

** WHO GMP Certificate has expired and the company has applied for renewal of the same.*

PRODUCTS AND SERVICES

Products Manufactured by the company are:

BULK DRUGS & INTERMEDIATES**A] ANTIMALARIAL**

CHLOROQUINE PHOSPHATE I.P. / B.P.

CHLOROQUINE SULPHATE I.P. / B.P.

AMODIAQUINE HCL USP / IP

AMODIAQUINE BASE USP

B] ANTIANALGESIC

NIMESULIDE E.P./B.P.

C] INTERMEDIATES

4,7, DICHLORO QUINOLINE

4 METHOXY ETHYL PHENOL



META CHLORO ANILINE
SUCCINIMIDE
ORTHO PHENOXY ANILINE
ORTHO PHENOXY METHANE SULFONYL ANILIDE
3, 4 DICHLORO NITROBENZENE
ORTHO METHOXY TOLUENE
4(2-AMINOETHYL) MORPHOLINE
PHENYL ETHYL CHLORIDE

INORGANIC/ORGANIC CHEMICALS

ALUMINIUM CHLORIDE (ANHYDROUS)
PHENOXY ETHANOL

PERFUMERY CHEMICALS

PHENYL ETHYL ALCOHOL
PHENYL ETHYL METHYL ETHER
PHENYL ETHYL ACETATE
ORANGER CRYSTALS (METHYL BETA NAPHTHYL KETONE)

SPECIALITY CHEMICALS

N,N-BIS (2-HYDROXY ETHYL) META TOLUIDINE. (MANGALAM-2)
N-ETHYL-N-HYDROXY ETHYL-ANILINE. (MANGALAM-15)
N-HYDROXY ETHYL-N-ETHYL META TOLUIDINE (MANGALAM-21)
N,N-BIS (2-HYDROXY ETHYL) -PARA TOLUIDINE (MANGALAM-25)
N,N-BIS (2-HYDROXY PROPYL)-PARA TOLUIDINE. (MANGALAM-26)

DISPERSE DYE INTERMEDIATES

BY PRODUCTS

ALUMINIUM CHLORIDE (SOLUTION)
TRISODIUM PHOSPHATE
SODIUM THIO SULPHATE

PRODUCTS UNDER DEVELOPMENT

TRICLOSAN
TRICLORO CARBANILIDE
AVO BENZONE
OCTYL METHOXY CINNAMATE
4 HYDROXY PHENYL ETHYL ALCOHOL
META HYDROXY ACETOPHENONE
ARTISUNATE
ARTIMETER
ARTIETHER

Key milestones

Key milestones of Mangalam over the years are set out below:

Year	Milestone
1977	First plant for Manufacture of perfumery chemicals at Plot No. 187, GIDC, Vapi was started under the name "Advent Pharma Pvt. Ltd." (APPL)
1981	A new plant under the name "Mangalam Rasayan Pvt. Ltd." (MRPL) was commissioned for manufacture of Anhydrous Aluminium Chloride
1984	A new plant was commissioned under the name "Shree Mangalam Pharma Pvt. Ltd." (SMPPL) where higher manufacturing capacity of Aromatic Chemicals was created.
1984	The facilities in APPL was re-organised to manufacture the first "Bulk Drug" in the group namely "Metronidazole I. P."
1985	The capacity of Anhydrous Aluminium Chloride was doubled
1987	Inorganic chemicals manufacturing capacities were expanded by putting up a new plant at



	Sangamner under the name "Mangalam Inorganics Pvt. Ltd." (MIPL)
1989	A new plant was erected to manufacture Dyes Intermediates at Plot No. 1203, Illrd Phase, GIDC, Vapi under the name Mangalam Organics Private Ltd. (MOPL)
1991	Additional manufacturing capacity for perfumery chemicals was created under new plant of SMPPL
1994	A New Plant was commissioned for manufacturing of Meta Chloro Aniline under MRPL
1997	Scheme of arrangement between SMPPL, MOPL and MRPL by transferring their entire Chemical Division to Mangalam Drugs & Organics Ltd.
1999	A new product namely "Nimesulide" was launched from Plant at Plot No. 1203.
2001	Two new products namely Amodiaquine Hydrochloride and Amodiaquine were launched from Plant at Plot No. 1203.
2002	WHO-GMP approval for Chloroquine Phosphate I.P./B.P.
2002	Awarded ISO-9000-2000 Management System Certificate from DNV.
2003	WHO-GMP approval for Amodiaquine Hydrochloride and Amodiaquine U.S.P.
2003	Awarded ISO-9000-2000 Management System Certificate from DNV.

Source: Management

B. MAIN OBJECTS OF THE COMPANY

The main objects set out in the Memorandum of Association of the Company are:

1. To carry on any business relating to the production, manufacture and preparation of any materials necessary for the manufacture of pharmaceutical and medicinal preparations, chemicals, drugs and perfumes aforesaid and or receptacles and containers of glass, paper, cardboard, straw-board, plastic or other substances for the same or which may be usefully or conveniently combined with the business of the Company.
2. To carry on the business as dealers in compounds, cements, oils, paints pigments and varnishes, drugs, dyeware paint and colour grinders, makers of and dealers in articles of all kinds and of electrical chemicals, surgical and scientific apparatus and materials
3. To manufacture import, export, buy, sell and deal in chemical and pharmaceutical products, patent medicines drugs, toilet requisites, perfumes, acids, salts, oils dyes, paints, pigments, varnishes, industrial and other preparations and products which the Directors of the Company may decide to manufacture, import, export, buy, sell and deal in.
4. To carry on the business of manufacturers and dealers in all kinds of medicines, medicinal preparations, chemicals, acids, drugs and other preparations and articles.

The main objects clause and objects incidental or ancillary to the main objects clause of the Memorandum and Articles of Association of the Company enables the Company to undertake the existing activities and the activities for which the funds are being raised through the present issue.

Alterations to the Memorandum and Articles of Association

1. Since incorporation of the Company following changes have been made in the Memorandum and Articles of Association:

Sl. No.	Date of Resolution	Increase in Authorized Capital
1	Incorporation	Rs.5,00,000 (5,000 Equity Shares of Rs.100/- each)
2	10/09/1985	Rs.5,00,000 to Rs.15,00,000 (15,000 Equity Shares of Rs.100/- each)
3	11/02/1997	Rs.15,00,000 to Rs.1,25,00,000 (1,25,000 Equity Shares of Rs.100/- each)
4	30/09/1997	Rs.1,25,00,000 (12,50,000 Equity Shares of Rs.10/- each); Subdivision from 1 equity share of Rs.100/- each to Rs.10/- each
5	03/03/1998	Rs.1,25,00,000 to 2,25,00,000 (12,50,000 Equity Shares of Rs.10/- each and 10,00,000 10% Redeemable Cumulative Preference Shares of Rs.10/- each)
6	20/12/2002	Rs.2,25,00,000 (22,50,000 Equity shares of Rs.10/- each) Cancellation of 10,00,000 Unissued 10% Redeemable Cumulative Preference Shares of Rs.10/- each and issue of 10,00,000 Equity



		Shares of Rs.10/- each in lieu thereof.
7	24/03/2004	Rs.2,25,00,000 to Rs.7,00,00,000 (70,00,000 Equity Shares of Rs.10/- each)
8	12/07/2004	Rs.7,00,00,000 to Rs.14,00,00,000 (1,40,00,000 Equity Shares of Rs.10/- each)

2. Shifting of Registered Office from the State of Maharashtra to the State of Gujarat, thereby amending Situation Clause of the Memorandum in terms of the resolution of the Members of the Company on 24th September, 1993.
3. Change of name of Company from Advent Pharma Private Limited to Mangalam Drugs & Organics Limited thereby amending the Name Clause of Memorandum and Articles of Association in terms of the resolution of the Members of the Company on 6th June, 1997.
4. Adoption of new set of Articles (Table A) in terms of the resolution of the Members of the Company on 30th September 1997.
5. Shifting of Registered Office from the State of Gujarat to the State of Maharashtra, thereby amending Situation Clause of the Memorandum in terms of the resolution of the Members of the Company on 12th January, 1998.
6. Change of name of the Company by removal of word 'private' from the name of the Company by conversion into public company thereby amending the Name Clause of Memorandum and Articles of Association in terms of the resolution of the Members of the Company on 10th August, 2001.
7. Addition of a clause in Article 4, authorizing buy-back of the shares of the Company in terms of the resolution of the Members of the Company on 10th August, 2001.
8. Amendment to Article 32 of the Articles of Association providing for quorum required for the general meeting from two members to five members in terms of the resolution of the Members of the Company on 10th August, 2001.
9. Amendment to Article 34 of the Articles of Association providing 21 clear days notice for general meeting in terms of the resolution of the Members of the Company on 10th August, 2001.
10. Amendment to Article 40 of the Articles of Association specifying the Directors of the Company as on the date of amendment in terms of the resolution of the Members of the Company on 10th August, 2001.
11. Adoption of New Set of Articles so as to comply with the listing requirements in terms of the resolution of the Members of the Company on 12th July, 2004.

C. SUBSIDIARIES OF THE COMPANY –

The Company has no subsidiaries.

D. OHER GROUP COMPANIES AND VENTURE COMPANIES

COMPANIES UNDER THE SAME MANAGEMENT

There are no companies under the same management within the meaning of Section 370 (1B) of the Companies Act, 1956. However, as per Indian GAAP, there are Associate Companies. These are:

MANGALAM LABORATORIES PVT. LTD.

The Company was incorporated on 3rd November, 1988 under the name and style of Mangalam Laboratories Private Limited. The company is engaged in the manufacture of Mono Chloro Acetic Acid - (MCAA) which is being marketed locally as well as internationally. The Board of Directors Comprises of Mr. Govardhan M. Dhoot, Mr. Krishna R. Boob, Mr. Aditya R. Dhoot, Mr. Brijmohan M. Dhoot and Mr. Rambhakt R. Malani.

The shareholding structure of this Company is as follows:

Category of shareholder	% Holding
Directors	36.55
Relatives & friends	30.23
Others	33.22
TOTAL	100.00



Financial Highlights

The financial highlights for the last 3 years are as follows:

(Rs. in Lacs)

Particulars as on March 31	2004	2003	2002
Total Income	50.38	96.72	221.88
Profit after Tax	(39.74)	(38.78)	(19.60)
Share Capital	3.01	3.01	3.01
Reserves and Surplus	6.61	6.61	6.61
Earnings per Share	Negative	Negative	Negative
Book Value	Negative	Negative	Negative
Face Value per Share	100.00	100.00	100.00

MANGALAM ORGANICS PVT. LTD.

The Company was incorporated on 7th November, 1988 under the name and style of Mangalam Organics Private Limited with the main object of manufacture of organic and inorganic chemicals. However subsequent to transfer of chemical division under the Scheme of Arrangement, the Company continues to be only an Investment Division. The Board of Directors Comprises of Mr. Ramnivas R. Dhoot, Mr. Ashok R. Boob, Mr. Ajay R. Dhoot and Mr. Govardhan M. Dhoot.

The shareholding structure of this Company is as follows:

Category of shareholder	% Holding
Directors	10.98
Relatives & friends	49.02
Others	40.00
TOTAL	100.00

Financial Highlights

The financial highlights for the last 3 years are as follows:

(Rs. in Lacs)

Particulars as on March 31	2004	2003	2002
Total Income	-	-	0.41
Profit after Tax	(0.02)	(23.76)	(20.18)
Share Capital	120.00	120.00	120.00
Reserves and Surplus	-	-	-
Earnings per Share	Negative	Negative	Negative
Book Value	Negative	Negative	1.98
Face Value per Share	10.00	10.00	10.00

VENTURES WITH WHICH PROMOTERS HAVE DISASSOCIATED IN THE LAST 3 YEARS.

Application Made To The Office Of Registrar Of Companies For Striking Off The Companies From The Register Maintained By The Said Office.

The companies mentioned below became defunct on account of transfer of their business to Mangalam Drugs And Organics Limited under the scheme of arrangement approved by the Honourable High Court, Mumbai and Gujarat. An application has been made for striking off the name of the Company from the Register maintained by the Registrar of Companies:

1. Mangalam Rasayan Pvt. Ltd.;
2. Shree Mangalam Pharma Pvt. Ltd.; and
3. Mangalam Dyes & Intermediates Pvt. Ltd.



DETAILS OF OTHER COMPANIES /FIRMS WITH WHICH PROMOTERS ARE ASSOCIATED:

M/S DHOOT ENTERPRISES

M/s Dhoot Enterprises a partnership firm pursuant to a partnership agreement dated 1st April, 1969. The partners of the firm are Mrs. Chandrakanta M. Dhoot, Mr. Brijmohan M. Dhoot and Mr. Govardhan M. Dhoot. The firm is non-functional.

Profit / Loss Sharing ratios:

Name of the Partner	Profit/Loss sharing ratio
Mrs. Chandrakanta M. Dhoot	30%
Mr. Brijmohan M. Dhoot	35%
Mr. Govardhan M. Dhoot.	35%

M/S SHREE TILES

The Partnership Firm is engaged in the business of manufacture of all types of cement, Mozaic tiles since 12th November 1991. The Partners of the Firm are Mr. Krishna R. Boob, Mrs. Asha A. Boob & Mr. Rameshchandra R. Boob. The principal office of the firm is situated at Argade Lane, Sangamner – 422605, Dist. – Ahmednagar (Maharashtra).

Name of the Partner	Profit/Loss sharing ratio
Mr Krishna .R.Boob	40%
Mrs. Asha A. Boob	40%
Mr.Rameshchandra .R.Boob	20%

Financial Performance for the past three years is as under:-

(Rs.in lacs)

For the year ended	31 st March 2002	31 st March 2003	31 st March 2004
Total Revenues	9.22	9.45	5.29
Profit after tax	0.15	0.25	0.10
Capital	9.08	6.23	6.55
Reserves	Nil	Nil	Nil
Earnings per share (Rs.)	NA	NA	NA
Book value per share (Rs.)	NA	NA	NA

M/S KISHOR SAW MILLS

Name of Partner	Profit / Loss Sharing Ratio
Mr. Ashok R. Boob	40%
Mrs. Neelima K. Boob	40%
Mrs. Shanta R. Boob	20%

The partnership Firm is engaged in the business of Timber Cutting & Supply of Construction material since 12th November 1991. The partners of the Firm are Mr. Ashok R. Boob, Mrs. Neelima K. Boob and Mrs. Shanta R. Boob. The principal Office of the Firm is situated at Argade Lane, Sangamner – 422605, Dist. – Ahmednagar (Maharashtra).

Financial Performance for the past three years is as under:-

(Rs.in lacs)

For the year ended	31 st March 2002	31 st March 2003	31 st March 2004
Total Revenues	1.07	0.45	0.51
Profit after tax	0.08	0.13	0.09
Capital	5.45	6.79	8.13
Reserves	Nil	Nil	Nil
Earnings per share (Rs.)	NA	NA	NA
Book value per share (Rs.)	NA	NA	NA



LISTED ASSOCIATES / VENTURES OF THE PROMOTERS

IMP POWER LIMITED

IMP POWER LIMITED (formerly known as Industrial Meters Limited) an associate listed entity of the promoters was incorporated on 24th March, 1961. The Company was promoted by Shri. Ramnivas R. Dhoot. It is listed on The Stock Exchange, Mumbai (BSE), National Stock Exchange of India Limited (NSE) and The Stock Exchange, Ahmedabad (ASE). The Board of Directors of the Company as on date comprises of Shri. Ramnivas R. Dhoot, Shri. Ajay Dhoot, Shri. Aditya R. Dhoot and Shri. N. Tata Rao,

IMP Power Ltd is engaged in the manufacture of variety of products – electrical measuring instruments, testing equipment and distribution/power transmission. The Company's products have been developed in-house by implementation of latest technology.

The Company has two well-established manufacturing units at Mumbai & Silvassa. It keeps itself abreast with latest technological advancements and through its R & D initiatives upgrades its products. IMP has an extensive network of Dealers comprising of Agents/Representatives all over the country. The Company is focusing on exports, as cash realizations on exports is faster than realization on domestic sales. Further, export sales fetch better margins. The Company suffered on the financial front owing to non performance by SKODA.ETD in the technical/buyback collaboration; recessionary trends in the transformer market; slow realization from the State Electricity Boards and freezing of sanctioned non fund based limits by the Banks. To nurse the company back and to become competitive, it is presently focusing on exports; cost reduction measures; sale of non-core assets. The company as a part of rehabilitation package had submitted a proposal for corporate debt restructuring (CDR) and the same is under consideration of the appropriate authority. IMP Power has sought following concessions:

Waiver of Penal interest and liquidated damages, reduction in rate of interest, Reschedulement of principal, Devolved L/C's to be converted into Working Capital Term Loan bearing an interest of 9% p.a. effective 1.04.2003

The shareholding structure of this Company is as follows:

Category of shareholder	% Holding
Directors	11.50
Relatives & friends	42.78
Others	45.72
TOTAL	100.00

Financial Highlights

The financial highlights for the last 3 years are as follows:

(Rs. in Lacs)

Particulars	2004	2003*	2001**
Total Income	3903.17	8458.65	9839.75
Profit after Tax	(1046.23)	(294.41)	125.02
Share Capital	299.78	299.78	299.78
Reserves and Surplus	509.51	1569.06	2022.70
Earnings per Share (in Rs.)	(34.90)	(9.82)	4.17
Book Value (in Rs.)	26.13	61.18	77.30
Face Value per Share (in Rs.)	10.00	10.00	10.00

*for 15 month period – 01/01/2002 to 31/03/2003

** for 15 month period – 01/10/2000 to 31/12/2001

Highest Market price during past six months Rs 15.51 on 01.11.2004 at BSE

Lowest Market price during past six months Rs.6.25 on 23.06.2004 at NSE

All time High of Rs.172.00 in the year 31.1.2000 at BSE.

Statement on changes in capital structure during preceding six months, if any. None

Currently, the shares are quoting at Rs. 15.20 on NSE and at Rs.15.51 on BSE. (as on 01.11.2004)



Changes in capital structure since the public issue → No Change

Statement on cost and progress of implementation of project in comparison with the cost and implementation schedule given in the offer document. Shortfalls, if any to be quantified

The Company has not made any public issue in the last 3 (three) years.

(Whether the Company has become sick.) NO

(Whether the Company has made a loss in the immediately preceding year. If so, profit/loss figures for immediately preceding three years.) Yes, the Company has incurred losses in the immediately preceding two years, the details of which has been mentioned above.

Level of compliance with the stock exchanges, issue, if any with the regulators, etc. –

There have been instances of delay on the part of IMP Power Limited in complying with the requirements of the Listing Agreement with the Stock Exchange(s). The company has also failed to make appropriate disclosure within the stipulated time as required under the SEBI (Substantial Acquisition of Shares & Takeovers) and has received a notice from SEBI for Violation of Takeover Regulations for Settlement by Consent Order. The same has been responded to by the company.

IMP FINANCE LTD.

IMP FINANCE LIMITED a listed associate entity of the promoter was incorporated on March 22, 1983. The Company was takenover by the present management in the year 1984. The name of the Company was changed from Shivilaxmi Mercantile Company Ltd to its present name IMP Finance Limited effective from June 9, 1995. It is listed on The Stock Exchange, Mumbai (BSE). Shri. Aditya Dhoot, Shri. G. L. Joshi and Shri. S. L. Surana are the Directors of the Company. Its PAN is AAAC11339R. The Company is engaged in the business of trading in various types of raw materials required for the manufacture of electrical goods.

The shareholding structure of this Company is as follows:

Category of shareholder	% Holding
Directors	39.60
Relatives & friends	59.84
Others	0.56
TOTAL	100.00

Financial Highlights

The financial highlights for the last 3 years are as follows: (Rs. in Lacs)

Particulars	2004	2003	2002
Total Income	176.63	300.42	476.62
Profit after Tax	(9.46)	(8.45)	1.18
Share Capital	24.90	24.90	24.90
Reserves and Surplus	5.11	14.57	23.02
Earnings per Share (in Rs.)	Negative	Negative	0.47
Book Value (in Rs.)	12.05	15.80	19.24
Face Value per Share (in Rs.)	10.00	10.00	10.00

There has been no trading in the Company Since 1997.

Statement on changes in capital structure during preceding six months, if any. - None

The Company is listed only on BSE with no trading since 1997.

Changes in capital structure since the public issue → No Change



Statement on cost and progress of implementation of project in comparison with the cost and implementation schedule given in the offer document. Shortfalls, if any to be quantified	The Company has not made any public issue in the last 3 (three) years.
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- (Whether the Company has become sick)	NO
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(Whether the Company has made a loss in the immediately preceding year. If so, profit/loss figures for immediately preceding three years.)	Yes, the Company has incurred losses in the immediately preceding two years, the details of which has been mentioned above.
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Level of compliance with the stock exchanges, issue, if any with the regulators, etc. –

There have been instances of delay on the part of IMP Finance Limited in complying with the requirements of the Listing Agreement with the Stock Exchange(s). The company has also failed to make appropriate disclosure within the stipulated time as required under the SEBI (Substantial Acquisition of Shares & Takeovers) and has received a notice from SEBI for Violation of Takeover Regulations for Settlement by Consent Order. The same has been responded to by the company.

E. THE PROMOTERS OF THE COMPANY

The Company has been promoted by Mr. Govardhan M. Dhoot, Mr. Ashok R. Boob, Mr. Krishna R. Boob and Mr. Brijmohan M. Dhoot, M/s Shree Rasbihari Trading and Investment Pvt. Ltd. and Shree Kishoriju Trading and Investment Private Limited.



PROFILE OF PROMOTERS:

Name and Age	Qualification and Experience	Directorships Held	Identifications	Photograph
Govardhan M. Dhoot Date of birth : 21/10/1953 (51 yrs.)	Under-Graduate	1. Mangalam Organics Pvt. Ltd. 2. Mangalam Laboratories Pvt. Ltd.	Driving Licence No.: 27308/Aurangabad PAN: AEZPD7222G Passport No. : E 6766089	
Ashok R. Boob Date of birth : 02/03/1952 (52 yrs.)	B.E.(Chem)	1. Mangalam Organics Pvt. Ltd.	Driving Licence No.: GJ15/016463/03 PAN: AAUPB0820F Passport No. : B 3282838	
Krishna R. Boob Date of birth : 31/05/1955 (49 yrs.)	B. Tech (Pharm)	1. Mangalam Laboratories Pvt. Ltd.	Voter ID: MT/40/238/327165 Driving Licence No.: 76-1382/AMR PAN: AAUPB0819L Passport No. : B 1750196	
Brijmohan M. Dhoot Date of birth : 10/07/1951 (53 yrs.)	Under Graduate	1. Elarci (Estates and Constructional Development Services Pvt. Ltd.) 2. Mangalam Laboratories Pvt. Ltd.	PAN: AEZPD7225B Passport No. : E 1679783	
Shree Rasbihari Trading & Investment Private Limited	N.A.	N.A.	PAN: AAACS5303H	N.A
Shree Kishoriju Trading & Investment Private Limited	N.A.	N.A.	PAN: AAACS5552L	N.A.

M/s Shree Rasbihari Trading and Investments Pvt. Ltd.

The Company was incorporated on 5th March, 1981 under the name and style of Shree Rasbihari Trading and Investments Private Limited. The Company is promoted by Shri Ramnivas R. Dhoot. It is an investment Company engaged in the business of acquiring and holding shares, stocks, debentures etc. of companies . Its PAN No. is AAACS5303H. The Board of Directors comprises of Shri. Ramnivas R. Dhoot, Smt. Rajkumari R. Dhoot, Mr. Aditya R. Dhoot and Shri. Surendra Somani.



The shareholding structure of this Company is as follows:

Category of shareholder	% Holding
Directors	19.00
Relatives & friends	78.70
Others	2.30
TOTAL	100.00

Financial Highlights

The financial highlights for the last 3 years are as follows:

(Rs. in Lacs)

Particulars\Financial Year	2004	2003	2002
Total Income	2.21	2.71	3.66
Profit after Tax	(1.83)	(1.67)	1.71
Share Capital	1.00	1.00	0.75
Reserves and Surplus	13.62	11.78	13.45
Earnings per Share (in Rs.)	Negative	Negative	228.55
Book Value (in Rs.)	1461.86	1278.14	1893.22
Face Value per Share (in Rs.)	100.00	100.00	100.00

Name of Director(s)	No. of Shares held in Mangalam Drugs & Organics Ltd.	%
Shri. Ramnivas R. Dhoot	Nil	Nil
Smt. Rajkumari R. Dhoot	2,89,680	4.34%
Shri. Aditya R. Dhoot	Nil	Nil
Shri. Surendra Somani.	Nil	Nil

Shree Kishoriju Trading & Investments Pvt. Ltd.

The Company was incorporated on 5th March, 1981 under the name and style of Shree Kishoriju Trading & Investments Private Limited. The Company is promoted by Shri. Ramnivas R. Dhoot. It is an investment company engaged in the business of acquiring and holding shares, stocks, debentures etc. of companies. Its PAN No. is AAACS5552L. The Board of Directors comprises of Shri. Ramnivas R. Dhoot. Shri. Aditya R. Dhoot and Smt. Rajkumari R. Dhoot.

The shareholding structure of this Company is as follows:

Category of shareholder	% Holding
Directors	18.00
Relatives & friends	78.50
Others	3.50
TOTAL	100.00

Financial Highlights

The financial highlights for the last 3 years are as follows:

(Rs. in Lacs)

Particulars\ Financial Year	2004	2003	2002
Total Income	2.69	1.44	2.08
Profit after Tax	2.04	(2.60)	0.11
Share Capital	1.00	1.00	0.75



Reserves and Surplus	5.13	3.09	5.70
Earnings per Share (in Rs.)	2.04	Negative	0.15
Book Value (in Rs.)	613.00	409.00	860.00
Face Value per Share (in Rs.)	100.00	100.00	100.00

Name of Director(s)	No. of Shares held in Mangalam Drugs & Organics Ltd.	%
Shri. Ramnivas R. Dhoot	Nil	Nil
Smt. Rajkumari R. Dhoot	2,89,680	4.34%
Shri. Aditya R. Dhoot	Nil	Nil

We confirm that Permanent Account Number, Bank Account Numbers and passport number of the promoters have been submitted to NSE and BSE at the time of filing of the draft Prospectus with them.

F. BOARD OF DIRECTORS

The Company is managed by a Board of Directors comprising qualified and experienced professionals.

Name, Age Address, Occupation, Date of appointment and expiry of the current term	Other Directorships & Partnerships
Govardhan M. Dhoot (51 yrs.) S/o Muralidhar Dhoot 214, Oceana, 5 th Floor, Marine Drive, Mumbai – 400 020 Occupation – Business Date of Appointment – 16/04/1996 Expiry of current term On the conclusion of the Annual General Meeting to be held in 2007	1. Mangalam Organics Pvt. Ltd. 2. Mangalam Laboratories Pvt. Ltd. 3. Dhoot Enterprises.
Mr. Ashok R. Boob (52 yrs.) S/o Mr. Ramnarayan Boob Residential Area, Plot No. 10, Behind G.I.D.C., Vapi - 396195 Occupation – Business Date of Appointment – 16/04/1996 Expiry of current term – On the conclusion of the Annual General Meeting to be held in 2005	1. Mangalam Organics Pvt. Ltd. 2. Kishor Saw Mills
Mr. Subhash C. Khattar (65 yrs.) S/o Gyanchand Khattar C-7, Swati Apt. Kalyan Complex, Off Yeri Road, Versova Mumbai - 400 061 Occupation – Chartered Accountant Date of Appointment – 04/06/2004 Expiry of current term – On the conclusion of the Annual General Meeting to be held in 2006	1. Apexo Melwares Pvt. Ltd. 2. H.Gambhir & Co., Chartered Accountants.
Mr. Rajendraprasad K. Mimani (52 yrs.) S/o Kisandas Mimani 35 , Jamanalal Bajaj Street , Kolkatta - 700007 Occupation - Business Date of Appointment – 01.11.2004 Expiry of current term – On the conclusion of the Annual General Meeting to be held in 2005	1.KDM Impex Private Limited 2.KDM Investments Private Limited 3.CE Chemicals Private Limited 4.Universal Transformer Private Limited 5.Boesky Securities Private Limited 6.Impex India



Profile of the Directors

Mr. Govardhan M. Dhoot (Chairman and Whole time Director) has a Commerce background with over three decades of experience in the chemical industry handling the marketing in both domestic and export market. He has been an instrumental in increasing the exports of the Company. He has traveled to many countries and visited important Industrial and Commercial Capitals all over the world.

Mr. Ashok Boob (Whole time Director) is a B. Chem Engineer from UDCT. Mumbai. He has over three decades of experience in chemical industry. He is in charge of total production / R&D of chemical units. He also heads the new product development in the Company. He was one of the prime movers for starting the UDCTAA – Chapter in 1994 and was its Hon. Secy. till 1998. He is associated with the Vapi Industries Association and was Director on the Board of Vapi Waste & Effluent Management Co. Ltd. From the year 2001-2003. Age 52 yrs, experience of over 30years.

Mr. Subhash C. Khattar is a Chartered Accountant having about 40 yrs of experience. He is a senior partner in M/s H Gambhir & Co., New Delhi and specializes in taxation and auditing. He is on the statutory panel of Bank Audits and other Public Sector Undertakings (PSUs) and Private Companies.

***Mr. Rajendraprasad .K. Mimani** aged 52 yrs. has a Commerce background with over three decades of experience in marketing of various types of products

Shareholding and Other Details of Directors of the Company, as on 1st November 2004:

S No.	Name	Shares	Compensation Paid P.A. (Rs. in Lacs)	Service Contracts	Other Benefits (Rs.)
1.	Mr. Govardhan M. Dhoot	370128	1.20	N.A.	NIL
2.	Mr. Ashok R. Boob	356208	7.20	1/6/2004	NIL
3.	Mr. Subhash .C. Khattar	NIL	NIL	NIL	NIL
4.	Mr. Rajendraprasad .K. Mimani	NIL	NIL	NIL	NIL

* Co-Opted as an additional director effective 1st November 2004.

Interest of Promoters and Directors

All the directors may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The directors may also be deemed to be interested to the extent of:

- The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively. The shares, if any, out of the present issue that may be subscribed for and allotted to them or their relatives or any company in which they are directors/members of, to firms in which they are partners.
- Remuneration of Whole time Directors

(a) SALARY: (per month)

Particulars	Govardhan M. Dhoot*	Ashok R. Boob
Salary (per month)	10,000	60,000
Period Of Agreement	01/11/2004 to 01/11/2009	01/06/2004 to 01/06/2009

(b) PERQUISITIES/ALLOWANCES:

Housing

The Company shall pay the maintenance expenditure of the residence of the Wholetime Directors.

Medical Expenses

Expenses incurred for the Wholetime Directors and their families subject to a ceiling of Rs.10,000/- p.a. or actual whichever is higher.

Leave travel Concession

Company shall provide to and fro airfare to the Wholetime Directors and their families for 3,000 KM in India.



Annual Privilege Leave

On full salary for a period of thirty days and shall be entitled to accumulate such leave. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Car

A chauffeur driven car for use of Company's business and telephone at residence.

Sitting Fees

They shall be paid sitting fees for attending the Meetings of the Board of Directors and/or Committee thereof.

Personal Accident Insurance

Premium not to exceed Rs.8,000/- p.a. payable by the Company on behalf of the Wholetime Directors.

The Wholetime Directors shall also be entitled to following perquisites, which shall not be included in the computation of the ceiling on remuneration specified herein:

- (i) Contribution to provident fund, super annuation fund or annuity fund as per the rules of the Company to the extent there either singly or put together are not taxable under the Income Tax Act, 1961.
- (ii) Gratuity payable at rate not exceeding half a month's salary for each completed year of service.
- (iii) Encashment of leave at the end of the tenure.

*The Appointment of Mr. Govardhan M. Dhoot as whole time director is subject to the approval of the share holders. The relevant form 25-C under the Companies Act, 1956 has not been filed as on date.

Details of Companies where the Directors have been signatory to the Memorandum & Articles of Association of the Companies during last five years.

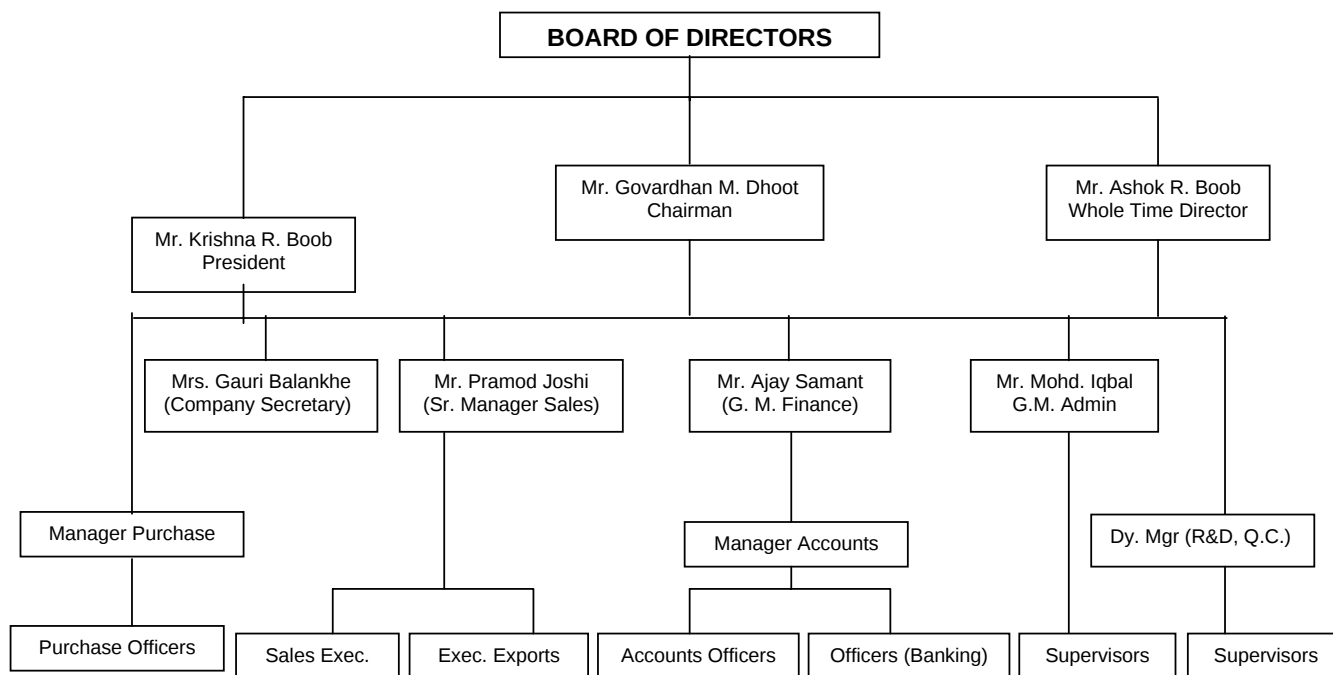
Sr. No.	Name of the Director(s)	Company where Signatory to MOA
1.	Mr. Govardhan M. Dhoot	Mangalam Organics Pvt. Ltd. Mangalam Laboratories Pvt. Ltd. Shree Mangalam Pharma Pvt. Ltd. Mangalam Rasayan Pvt. Ltd.
2.	Mr. Ashok R. Boob	Mangalam Organics Pvt. Ltd. Shree Mangalam Pharma Pvt. Ltd. Mangalam Rasayan Pvt. Ltd.
3.	Mr. Subhash C. Khattar	NIL
4.	Mr. Rajendraprasad .K. Mimani	KDM Impex Private Limited KDM Investments Private Limited CE Chemicals Private Limited



G. ORGANIZATION STRUCTURE

The Company is managed by the Chairman and Wholetime Director(s), subject to the control and superintendence of the Board of Directors. The Directors are assisted by a group of professionals who have wide experience in specific areas that they oversee and over diverse management functions. All these key personnel are permanent employees on the rolls of the Company.

ORGANISATION CHART





H. KEY MANAGEMENT PERSONNEL

Name	Age	Qualification (yrs.)	Designation /Responsibility	Total Experience	Date of joining
Mr.Krishna .R.Boob	49	B. Tech (Pharm)	President , Sangamner	27yrs	01/04/00
Mr. Ajay Samant	39	FCA	G. M. Finance	16 yrs.	01/04/96
Mr. Pramod Joshi	52	BSc	Sr. Manager, Sales	16 yrs.	07/06/04
Mr. Mohmmmed Iqbal Chowan	53	BSc	G.M. Administration	33 yrs.	01/10/81
Mr. R. V. Srinivas	44	BSc (TECH)	Dy. Manager	16 yrs.	29/08/93
Ms. Gauri Balankhe	26	Bcom, ACS & LL.B (Gen)	Company Secretary	4 yrs.	03/05/04

CHANGES IN THE KEY MANAGERIAL PERSONAL DURING THE LAST 12 MONTHS

Name of the Personal	Designation	Date of change	Reason
Mr. K. E. Krishnan	G. M. Marketing	15-03-2004	Expired

Mr. Krishna R. Boob is a B.Tech (Pharm). He is in-charge of the Sangamner Works of the Company. He has over 27 years of experience in the field of pharmaceutical formulation and chemical manufacturing. He had participated in Industrial fair at Cyrus in 1990. He has won "Best Udyogak Award" given by Directorate of Industries, Maharashtra, "Best Export Achievement Certificate in Nashik Region" by Industries Department, Maharashtra Government consecutively in the Year 1989 and 1990 and also "Best Dr. Palkar Export Award" honoured by the Maharashtra Chamber of Commerce & Industries for the year 1999. He was associated with Sangamer Industrial Estate as Director in 1987 to 1996 and as Chairman in 1996-1997. He is a Governing Council Member of Maharashtra Chambers of Commerce & Industries since year 2000.

Mr. Ajay Samant is a General Manager, Finance. He is a Chartered Accountant. He has been working with the Company since 1996 and has over 16 years of post qualification experience in manufacturing industry. He has experience in the field of Bank and Industrial Finance and Accounts. Prior to joining the Company he was working with M/s Welspun India Limited.

Mr. Pramod Joshi is a Sr. Manager-Sales. He is a Science Graduate with specialization in Statistics and Economics. International marketing is his forte, evidenced in his adept handling of the Company's products in the overseas market across the globe. He carries the responsibility of marketing the company's Products and services in the international arena. Prior to joining, the Company, he was working with M/s Haldyn Glass Limited.

Mr. Mohmmmed Iqbal Chowan is a General Manager, Administration. He is a science graduate. He looks after Administration / Stores / Purchases / Local marketing & Excise. He has an extensive experience in dealing with various Government Authorities at Vapi, Gujarat where the Company's manufacturing units are located. Prior to joining the Company, he was working with M/s Pharma Indiana Labs.

Mr. R. V. Srinivas is a Dy. Manager. He is B.Sc. (Tech) with specialization in Technology of Dyes & Intermediates. He looks after QC, QA and R&D and is also Unit Management Representative for WHO-GMP and ISO accreditation work respectively. Prior to joining the Company he was working with M/s. Magatul Industries, Vapi

Ms. Gauri Balankhe is a Company Secretary. She has a degree in Commerce, is a qualified Company Secretary and is LL.B (Gen). She is primarily responsible for all the statutory compliances by the Company under various corporate laws. She has been designated as the Compliance Officer of the Company. Prior to joining the Company she was working with M/s Aarti Drugs Limited.

None of the key employees/directors are related to each other.

There is no arrangement or undertaking between the major shareholders, customers, suppliers and others pursuant to which any of the personnel/director were selected as a Director or member of senior management personnel. All the above-mentioned personnel are employees of the



company.Mr.Krishna Boob – President is related to Mr.Ashok Boob – Wholetime Director being brothers.

Details of shares held by and compensation paid / benefits in kind granted to key personnel as on March 31 , 2004

Sr. No.	Name	Share Holding FV: 10/-	Compensation paid (Rs. in Lacs)	Benefits provided in kind
1.	Mr. Ajay Samant	Nil	4.92	Nil
2.	Mr. Pramod Joshi	Nil	3.00	Nil
3.	Mr. Mohammed Iqbal Chowan	Nil	2.02	Nil
4.	Mr. R. V. Srinivas	Nil	1.77	Nil
5.	Ms. Gauri Balankhe	Nil	2.00	Nil

Details of shares held by and compensation paid / benefits in kind granted to key personnel as on November 1 , 2004

Sr. No.	Name	Share Holding FV: 10/-	Compensation paid (Rs. in Lacs)	Benefits provided in kind
1.	Mr.Krishna Boob	2,99,700	3.50	Nil
2.	Mr. Ajay Samant	Nil	3.45	Nil
3.	Mr. Pramod Joshi	Nil	1.75	Nil
4.	Mr. Mohammed Iqbal Chowan	Nil	1.18	Nil
5.	Mr. R. V. Srinivas	Nil	1.03	Nil
6.	Ms. Gauri Balankhe	Nil	1.17	Nil

HUMAN RESOURCES INITIATIVES:

The company's success depends to a great extent on its ability to recruit, train and retain high quality people. The company places special emphasis on the human resources function in the organization. It believes that its strong brand name, industry leadership position, wide range of growth opportunities and performance linked compensation gives it significant advantages in attracting and retaining skilled employees.

The company strives to instill values of integrity, excellence, and respect for individual, continuous learning and sharing and leading change in its employees through organizational culture and training initiatives. It aims to nurture the core values and concepts embodied in various focus areas such as leadership, strategic planning, client service, markets and human resources, with a view to translating these into operational performance.

Recruiting

Recruitment by the company is carried out through referral programs, advertisements, web-searches and placement agents.

Training

The company places special emphasis on the training of its employees to enable them to develop their skills and to meet the changing requirements. It focuses on an initial learning programme for its trainees as well as continuous learning programmes for all the employees.

The company believes that well-trained project managers are key enablers for the efficient growth of its operations and the ability to manage large, complex projects. It is specifically focused on developing project management competencies among its employees. Some of the initiatives that have helped the company to develop quality project managers include project manager conferences, external certifications from institutions such as the Project Management Institute of U.S.A. and the portal based systems for knowledge sharing and capability buildings.

The company organizes development programmes for the employees, which focus on enhancing their people management, client management and process management skills. In order to strengthen client management competencies, it conducts an employee workshops and personal excellence



programs on effective client communication, consulting and conversation skills as well as negotiations skills.

Employees Retention and Care

The company strives to foster a feeling of emotional well being in amongst its employees through care and respect. It also conducts an annual employee satisfaction survey to get a feel of the general mood among the employees

Performance Management and Compensation

The company has an elaborate performance management system, which involves goal setting, periodic reviews and annual reviews. The review sessions impress upon several aspects such as competency development, financial rewards and recognition.

The company has employed 248 employees as on 1st November 2004. It strongly believes our ability to grow depends on its human resource. The details of employees presently on the payrolls of the company are as under:

Employee Category	Number of employees as on 01/11/2004
Whole-time Directors	2
President	1
Managerial	16
Executives	15
Officers	24
Assistants	80
Workers and Peons	110
Total	248

I. CORPORATE GOVERNANCE

The Company undertakes that it shall comply with the requirements at the time of seeking in principle approval for listing and shall take all necessary steps to comply with all the regulatory requirements on Corporate Governance.

Composition of the Board of Directors

The Composition of the Board of the Directors is given below:

Sr. No	Name	Representing	Type of Directorship
1.	Mr. Govardhan M. Dhoot	Promoter Group	Executive Chairman
2.	Mr. Ashok R. Boob	Promoter Group	Executive
3.	Mr. Subhash C. Khattar	Independent	Non-Executive
4.	Mr. Rajendraprasad .K. Mimani	Independent	Non-Executive

The Company has already constituted the following committees and framed their terms of reference.

Audit Committee

The Board of Directors of the Company constituted an Audit Committee in their meeting held on 4th June 2004 with the following terms of reference:

Terms of Reference

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.

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.



- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submissions to the Board, focusing primarily on:
 - (i) Any changes in accounting policies and practices.
 - (ii) Major accounting entries based on exercise of judgment by management.
 - (iii) Qualifications in draft audit report.
 - (iv) Significant adjustments arising out of audit.
 - (v) The going concern assumption.
 - (vi) Compliance with accounting standards.
 - (vii) Compliance with stock exchange and legal requirements concerning financial statements.
 - (viii) Any related party transactions i.e., transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of company at large.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- 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.
- Discussions with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with external auditors before the audit commences nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- It shall have discussions 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.
- To review the implementation of the New Project.
- It shall ensure compliance of internal control systems.
- The Chairman of the Audit Committee shall attend the Annual General Meetings of the Company to provide any clarification on matters relating to audit sought by the members of the company.

In view of resignation of some of the directors, the committee was re- constituted with effect from 1st November 2004 The committee consists of following present members:

1. Mr. Subhash C. Khattar
2. Mr. Rajendraprasad .K. Mimani
3. Mr. Govardhan M. Dhoot

Mr. Subhash C. Khattar has been elected as the Chairman of the Audit Committee. Ms. Gauri Balankhe, Secretary of the Company, shall be the Secretary to the Committee. The Audit



Committee shall meet at least thrice in year. Once at the time of finalisation of accounts and once every six months.

Investor Grievances Committee

The Board of Directors of the Company constituted an Investor Grievance Committee in their meeting held on 4th June, 2004 with the following terms of reference:

The Committee shall look into the redressing of shareholder and investors complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

In view of resignation of some of the directors, the committee was re- constituted with effect from 1st November 2004 . The Present members of the Committee are:

1. Mr.Subhash .C .Khattar
2. Mr. Govardhan M. Dhoot
3. Mr. Ashok R.Boob

Mr.Subhash .C .Khattar has been elected as the Chairman of the Investor Grievance Committee. Ms. Gauri Balankhe, Secretary of the Company, shall be the Secretary to the Committee

Share Transfer Committee

The Board of Directors of the Company constituted an Share Transfer Committee in their meeting held on 4th June, 2004 with the following terms of reference:

- To approve transfer/transmission of shares in general.
- To issue share certificates on split/consolidation/renewal replacement thereof.
- To keep complete record of issue of share certificates in the manner required under the Companies (Issue of Share Certificate) Rules, 1960 and comply with the provisions thereof.
- To cancel and/or destroy all share certificates surrendered to the Company in accordance with the provisions of the said Rules.
- To generally do all such other acts,deeds and things as may be necessary for the purposes aforesaid.

In view of resignation of some of the directors, the committee was re- constituted with effect from 1st November 2004. The Present members of the Committee are:

1. Mr. Govardhan M. Dhoot
2. Mr. Ashok R.Boob



VI. INDUSTRY OVERVIEW

IMS Health Incorporated, USA ("IMS Health") (IMS World Review 2002, www.imshealth.com) estimates the world pharmaceutical market to have grown by 8% and to have recorded US \$400bn sales in 2002. This has been calculated using audited retail sales of prescription drugs and some over-the-counter products in more than 60 countries.

IMS Health projects that the global industry would register growth even in the face of continued government pressure on pricing and a number of other widely used drugs going off patent. It estimates average annual global sales to grow 18.5% and the global pharmaceutical market to expand to US\$ 561 billion by 2005.

The United States is the largest market contributing 51% of world pharmaceutical sales and over 70% of the growth of the world pharmaceutical market in 2002. This market comprises of drugs that are under patent and drugs gone off patent, also known as generics. The life of a generic medicine begins when the original brand's patent life ends. Patents typically run for 20 years from the date when the patent application was submitted, or filed; an additional five years' exclusivity can sometimes be obtained through a Supplementary Protection Certificate ("SPC") or similar measure. Since many producers along with the original patent holder can manufacture the drug, the markets usually experience a decline in price of the drugs.

The global generics market is estimated to have been worth \$39.5bn in 2000, growing at around 5% per annum. The biggest national market is the United States, with an estimated \$12.5bn and a faster growth rate than the global figure.

Generics in Western Europe (including central and eastern European countries) account for 44%, North America for around 33%, and Japan for almost 11%.

Generic penetration varies widely from country to country; in Europe, for example, generics account for about 18% of the German and 16% of the UK pharmaceutical markets but less than 5% of the pharma markets in Italy and Spain; France is in a growth phase, with generics having 5-10% of the pharma market. By the end of year 2004, it is expected that the value of the total western European generics sector may have risen to \$19bn, representing almost 15% of all pharmaceuticals.

Vis-à-vis developed markets like the US and Europe, India and other emerging markets witness a significant disparity in the ratio of sales of pharmaceutical products to volumes. In the emerging markets, volumes of pharmaceutical products sold are much higher than in developed markets while they rank much lower in terms of sales, mainly due to lower selling prices. These markets lack effective product patent protection laws and are not as highly regulated as developed markets. Therefore, local pharma companies escape investing heavily in product development and yet market the same products as their competitors by simply changing the manufacturing process. Given the low entry barriers, competition is intense which forces manufacturers to sell their products at much lower prices in these markets compared to developed markets.

Masses in emerging markets are unable to bear higher pharmaceutical prices due to lower per capita income, even as volumes are higher due to higher incidence of diseases. This contributes to lowering of pharma product prices in these markets. Besides, to make pharma products more accessible and affordable to a larger part of the populace, governments of many emerging markets have put prices under control.

Besides lowering of selling prices, the above-mentioned factors have also led Indian subsidiaries of pharmaceutical multinationals to be slow to introduce their parents' latest products.

Pharmaceutical Global Market

The global pharmaceutical industry is currently estimated to US\$.397 bn and is growing at 9.8% (Scrip Magazine, February 2002). The industry is highly fragmented and dominated by large MNCs. Almost 50% of the market share is controlled by 20 companies. Globally, with the emergence of managed care and other healthcare/drug cost containment measures gaining ground, generics have begun to play a significant role globally. There has been explosive growth of generics in recent years. Additionally, with over 120 products going off patent in the next 5 years, the generics industry opportunity is expected to expand by another US\$ 15 bn.

(Source: ORG&OPPI)



The MNCs, till recently preferred to manufacture their own bulk drugs. However, the changing business dynamics compelled these companies to focus on their core competencies viz R&D and marketing and outsource their bulk drug requirements.

The opportunity in the pharmaceutical industry can be broadly segmented into:

1. Discovery / invention related opportunities viz, molecular design & modelling, initial synthesis (combinational chemistry), screening, toxicological studies, animal studies, clinical trials etc.,
2. Manufacture of API / Intermediates for:
 - a) New Chemical Entities (NCE) under drug discovery by MNCs.
 - b) Generic products.
3. Manufacture of Dosages
4. Marketing of Dosages

The large MNCs have core competencies in discovery/invention of new molecular entities and marketing them worldwide. Typically, these companies invest a significant part of their income in research and development activities each year. The Company estimates that the number of NCEs across all disease categories, introduced during the last decade have been averaging 45 each year spread over several disease categories. According to the Company's estimates, the total R & D expenditure is around US\$ 35 billion with thousands of compounds under investigation at any point of time. The compounds go through several stages of development viz Phase I (Animal studies), Phase II (Human studies – sample), Phase III (Human studies – population) and then enter the market after approvals by the regulating agencies of individual countries. The NCEs, once introduced, enjoy exclusivity due to patent protection in most of the markets in the developed countries.

The Indian Pharmaceutical Industry:

The Indian Pharmaceutical Industry today is in the front rank of India's science based industries with wide ranging capabilities in the complex field of drug manufacture and technology. Consolidations in the recent past has led to the emergence of a highly organized segment which now accounts for a major portion of sales in key therapies. The Indian Pharma Industry is estimated to be worth \$ 4.5 billion, growing at about 8 to 9 percent annually. Source (www.pharmaceutical-drug-manufactures.com) On an overall basis however, the Indian Pharmaceutical sector is highly fragmented with more than 20,000 registered units. It has expanded significantly in the last two decades. The leading 250 pharmaceutical companies control 70% of the market with the top two players holding nearly 15% of the market share. The pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectables. There are about 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India (including 5 Central Public Sector Units). These units produce the complete range of pharmaceutical formulations, i.e. medicines ready for consumption by patients and about 350 bulk drugs, i.e. chemicals having therapeutic value and used for production of pharmaceutical formulations.

Following the de-licensing of the pharmaceutical industry, industrial licensing for most of the drugs and pharmaceutical products has been done away with. Manufacturers are free to produce any drug duly approved by the Drug Control Authority. Technologically strong and totally self-reliant, the pharmaceutical industry in India has low costs of production, low R & D costs, innovative scientific manpower, strength of national laboratories and an increasing balance of trade. India has a pool of personnel with high managerial and technical competence as also skilled workforce. It has an educated work force and English is commonly used as medium for communication. Professional services are easily available. Its track record of development, particularly in the area of improved cost-beneficial chemical synthesis for various drug molecules is excellent. It provides a wide variety of bulk drugs and exports sophisticated bulk drugs.

THE GROWTH SCENARIO

India's US\$. 3.1 billion Pharmaceutical industry is growing at the rate of 14 percent per year. It is one of the largest and most advanced among the developing countries. Over 20,000 registered pharmaceutical manufacturers exist in the country. The domestic pharmaceuticals industry output is expected to exceed Rs.260 billion in the financial year 2002, which accounts for merely 1.3% of the global pharmaceutical sector of this bulk drugs will account for Rs.54 bn (21%) and formulations, the



remaining Rs.210 bn (79%). In financial year 2001, imports were Rs.20 bn while exports were Rs.87 bn.

Growth Indicators

	(Rs. In Crores)	
	1965-66	1999-00
Capital Investment	140.00	2,500
Production		
Formulation	150.00	15,960
Bulk Drugs	18.00	3,777
Import	8.20	3,441
Export	3.05	6,631
R & D Expenditure	3.00	320

Source (www.pharmaceutical-drugmanufactures.com)

PRODUCTWISE DOMESTIC DEMAND SUPPLY SCENARIO (as perceived by the Management)

1. CHLOROQUININE PHOSPHATE – INDUSTRY CAPACITY 950 MTPA (2003-2004)

[Qty in MTPA]

	2004-05	2005-06	2006-07	Growth (%)
Total Demand	1000	1050	1100	5%
Surplus/(Deficit)	(-50)	(-100)	(-150)	

(Source: Management)

2. NIMESULIDE – INDUSTRY CAPACITY 600 MTPA (2003-2004)

[Qty in MTPA]

	2004-05	2005-06	2006-07	Growth (%)
Total Demand	720	800	900	12%
Surplus/(Deficit)	(-120)	(-200)	(-300)	

(Source: Management)

3. AMODIAQUINE – INDUSTRY CAPACITY 40 MTPA (2003-2004)

[Qty in MTPA]

	2004-05	2005-06	2006-07	Growth (%)
Total Demand	100	110	120	10%
Surplus/(Deficit)	(-60)	(-70)	(-80)	

(Source: Management)

4. ALUMINIUM CHLORIDE - INDUSTRY CAPACITY = 27000 MTPA (2003-2004)

[Qty in MTPA]

	2004-05	2005-06	2006-07	Growth (%)
Total Demand	30000	33000	36000	9
Surplus/(Deficit)	(3000)	(6000)	(9000)	

(Source: Management)



5. PHENYL ETHYL ALCOHOL - INDUSTRY CAPACITY 800 MTPA (2003-2004)

[Qty in MTPA]

Product	Input ratio of product used per Kg of finished product. (in Kgs)	2004-05	2005-06	2006-07	Growth (%)
Agarbathi	0.10	690	800	920	15
Flavours & Fragrances	0.10	625	780	980	25
Total Demand		1315	1580	1900	
Surplus/(Deficit)		(-515)	(-780)	(-1100)	

(Source: Management)

6. META CHLORO ANILINE - INDUSTRY CAPACITY = 1790 MTPA (2003-2004)

[Qty in MTPA]

Product used for manufacture of	Input ratio of product used per Kg of finished product. (In Kgs)	2004-05	2005-06	2006-07	Growth (%)
Chloroquine Phosphate I.P./B.P.	0.50	250	275	300	10
Pesticides	0.50	280	300	325	8
Dyes & Others	0.50	1450	1625	1825	12
Total Demand		1980	2200	2450	
Surplus/(Deficit)		(190)	(410)	(660)	

(Source: Management)

7. DISPERSE DYE INTERMEDIATES - INDUSTRY CAPACITY 5500 MTPA (2003-2004)

[Qty in MTPA]

	2004-05	2005-06	2006-07	Growth (%)
Total Demand of Polyester world-wide	60,00,000	66,00,000	73,00,000	11%
Indian demand of Polyester	6,00,000	6,60,000	7,30,000	10%
Total Disperse Dyes Market	12,000	13,000	14,000	10%
Total Disperse Dye Intermediates	6,000	6,500	7,500	10%
Surplus/(Deficit)	(-500)	(-1000)	(-2000)	

(Source: Management)



Implications of General Agreement on Tariff and Trade (GATT)/World Trade Organization (WTO)

India has become a signatory to GATT in 1994 and has agreed to bring in product patent regime. India, as a developing country, qualified for a transition period of 10 years upto 1st January, 2005. The Indian Patents Act, 1970 protected only process patents, thus enabling any one manufacturing via an alternate process to manufacture and market the same product not only in India but also in countries where product patents are not in force. With most of the countries becoming members of the WTO, product patents would be implemented in the near future.

Till date, the opportunities exploited by many of the Indian pharmaceutical companies to manufacture and market the products made from alternate process during the patent validity period would cease to exist. Increasingly, products cannot be introduced either as API or as a dosage not only in the Indian markets but also for exports in many of the lucrative markets like South America, South East Asia and Russia. These countries are in the process of introducing legislation to comply with the WTO regime. This means that, after January 2005, Indian companies cannot introduce new products in the market using the alternate processes. They will have to market products only after respective patents have expired. This a major cause for concern for almost all the pharmaceutical companies in India. In order to survive and grow, all these companies will have to strengthen their Research & Development base, formulate new strategies and quickly implement them.



SWOT Analysis For Mangalam Drugs And Organics Limited:

Strengths:

- Already working in the field for nearly 30 years. Gained experience and expertise while growing to the present stage, requiring innovative thinking and futuristic planning.
- Mangalam is an established brand name since three decades in the market because of manufacturing quality products.
- In-house manufacturing facilities comprising of various equipments, processes, Quality Control set-up and R & D facility. R&D capabilities to develop efficient and cost effective process at short notice.
- Availability of Pilot Plant to produce product on small scale and proving the same before going for major manufacture.
- Capable leadership and teamwork at all levels.
- Proper E.T.P. facility available internally and externally for effluent disposal which is normally a problem for chemical and pharmaceutical plants.
- Sufficient space is available for expansion in the existing plant premises by making some changes in the layout.
- Required infrastructure is readily available for the expansion activity.
- Test marketing for the new products already has been carried out.
- Extensive Marketing network in India and abroad.
- Market is available for the new products as per market study conducted in house.
- Experienced Management depth and ability to manage client relationships.
- Multi-purpose and multi-product production facilities having ISO 9000:2000 Quality certification and WHO-GMP* Certification for CQP Plant at the Vapi facility, which is built on the principles, set out in the code of Federal Regulations.

Weaknesses:

- Currency fluctuation could affect the profitability, as certain major raw materials (E.M.M.E, Novoldiamine, 3-A.M.A) are sourced from abroad.
- Attraction of talent.

Opportunities:

- Growing population.
- More and more hospitals coming up all over India.
- People getting increasingly health conscious and aware of using medicines to keep good health because of education and media, advertisements everywhere.
- New Government Schemes are floated to help people in respect of health.
- Use of more and more medicine is indicated by increase in average life span of Indian citizen, which is indicator of growing market for medicines.
- International demand of drugs is also increasing and there is a growing market since now India can produce drugs in the environment equivalent to international standards, with competitive pricing.
- Availability of well-equipped R & D facility and pilot plant makes it possible to develop number of new products matching the market demand.
- There is good amount of untapped market in undeveloped countries where the products can be supplied with competitive rates as compared to the multinationals in the field, since manufacturing cost of the product in India is less than similar costs abroad.



- Being ISO 9000:2000 and WHO-G.M.P. set-up, there is possibility of tie-up with multinational pharmaceutical companies, to become one of the permanent suppliers by meeting their manufacturing requirements.
- Large number of pharmaceutical companies losing their blockbuster drug patents, thereby increasing the scope for outsourcing to countries that offer a low cost manufacturing base such as India, China, Korea and Taiwan.
- Indian pharmaceutical segment witnessing change in business dynamics: Focus on export orientation.
- Growth of Generics market in US and Europe.
- Toll Manufacturing opportunities with other large MNCs.
- The Government of India has imposed an anti-dumping duty on import of Chloroquine Phosphate due to which there is a major surge in demand for the product in the local market

Threats:

- There are number of companies abroad including China, Korea and Taiwan which are dumping their products in India at very competitive rates as a part of their marketing strategy.
- It is likely that some experienced person having expertise and knowledge of company products can leave the company and join hands with other company to produce similar products which can be a direct threat to MDOL, since the processes / products made by MDOL are not patented, permitting anybody to manufacture similar products, under different brands / names.
- Competition from other Indian companies operating in similar segments.

** WHO GMP Certificate has expired and the company has applied for renewal of the same.*



VII. BUSINESS OVERVIEW

MDOLs Present Marketing set-up:

MDOLs present Marketing set-up is headed by a Whole Time Director and duly supported by Sr. Manager (Sales) with defined staff and line functions for both domestic and overseas markets separately.

Distribution Network:

MDOL sells its products both directly and also through its network of distributors spread across the country and also overseas.

The network has been designed as per the need of the present market and is altered / changed as per the need from time to time to give the best possible service to the customers. It is reflected from the fact that MDOL has 2 different types of distribution network for 2 different products since their markets show different characteristics e.g. the distribution network for Chloroquine Phosphate and that for Phenyl Ethyl Alcohol is different as these products need different type of distribution treatment like Supply Chain treatment in the given market conditions.

Marketing Strategy – Existing and New Products:

The marketing strategy of MDOL has been flexible and has been designed depending on the market conditions and future projections of the market trends in terms of competition etc. MDOL has taken various strategic decisions for its product ranges in both the domestic and overseas market with a view to stay ahead of the competition.

The highlights of the marketing strategy of MDOL are as follows:

1. MDOL clearly intends to sell its products using the present distribution and selling network by capitalizing on its high quality products, experience and reputation of three decades.
2. MDOL intends to fetch better margins from the new products which have good market potential either in the domestic or overseas market. In the highly fragmented pharma market, the margins are going lower and lower due to fierce competition. Concentrating on products yielding higher margins and that too in the global market is definitely a futuristic strategy to strengthen company's market share.
3. MDOL is actively looking into manufacturing of speciality chemicals which have better margins and alongside it is also planning to increase the production capacity of the present products to capitalize on the expected demand growth.
4. MDOL is not just thrusting on increasing the exports volume of their products; they are also undertaking other strategic measures to stay ahead in the market.
5. MDOL keeps very close contact with its customers by taking their feedback about the quality of services offered by MDOL. This also helps in developing a close-knit relation with the customers and hence a strong bonding. This indirectly reduces the cost of legwork to get feedback from customers and also helps in keeping the competitors at bay.

Being among the major producers of anti-malarial and other bulk drugs, MDOL is extremely quality conscious and also engaged in maintaining and increasing market share as well as satisfying customer needs. It conducts market surveys to understand the changing applications of its valued customers.

With a territory-wise distribution of network including consignment agents, indentors, MDOL monitors sales and review them every quarter by visiting each area in person to ensure customer satisfaction.

MDOL's marketing team has developed direct clients including multinationals and is constantly supervising supplies to these direct clients to ensure customer satisfaction.

MDOL is also exporting products to overseas markets such as Africa-Germany, Indonesia. Follow-up overseas visits are also conducted for marketing new products and exploring the possibilities of tie – up with new customers.

MDOL as a whole opts for a marketing policy with an aim to satisfy customer requirements with utmost satisfaction, either through appointed agents or directly. This has not only kept the company on its toes in the market race but also helped it to identify new areas of development.



Sales & Marketing:

Having diversified chemical product groups such as pharma bulk drugs, synthetic aroma chemicals, disperse dye intermediates, the sales team is engaged with catering requirements and opportunities in the field and this in turn lead to a broader sector contacts. In an indigenous market, MDOL is one of the largest producers of anti-malarial drugs and having a major market share and in the overseas operations having established good agent network in Africa - one of the most potential markets in the world for anti-malarial drugs..

MDOL is one of the largest producer of Nimesulide in the country today. It is being intensely marketed to all the major and small customers in India and exported to various countries. The product has been well received and accepted for its quality.

The Company's Synthetic aroma products are well accepted by multinationals producing fragrances and detergents. This sector is consumer-oriented number of small-scale manufacturers forming a much wider base using our products. MDOL is competing with Chinese and Japanese products in quality and volumes. The range of products include Phenyl Ethyl Alcohol, Phenyl Ethyl Methyl Ether and above all Oranger Crystals; of which MDOL proposes to increase the quantity. This product is presently produced by a German Company and Mangalam is among the first to produce and sell in India. It has a huge potential. The product has been test-marketed for its quality and the same has been well received. MDOL expects to offer the product in international market as well.

Another specialized category of disperse dyes intermediates, has a major indigenous consumption and a totally different set of consumers located in nearby areas of the plant, giving MDOL a geographical edge over its competitors.

Categorically, MDOL can state that with well diversified and well identified product categories under one roof, the company's entire sales and marketing team are on their toes and their efforts are supported by classified agents area-wise and product-wise.

VIII. BUSINESS SEGMENTS:

The Company is engaged in the manufacturing and marketing of bulk drugs, drug intermediates, perfumery chemicals, organic & inorganic chemicals, Dye Intermediates and specialty chemicals. The Company has three manufacturing units having multi purpose facilities to enable quick switch over to different products. The Company also has a Pilot Plant and well-equipped R & D facilities. It also has capabilities to manufacture bulk APIs from the very basic stage.

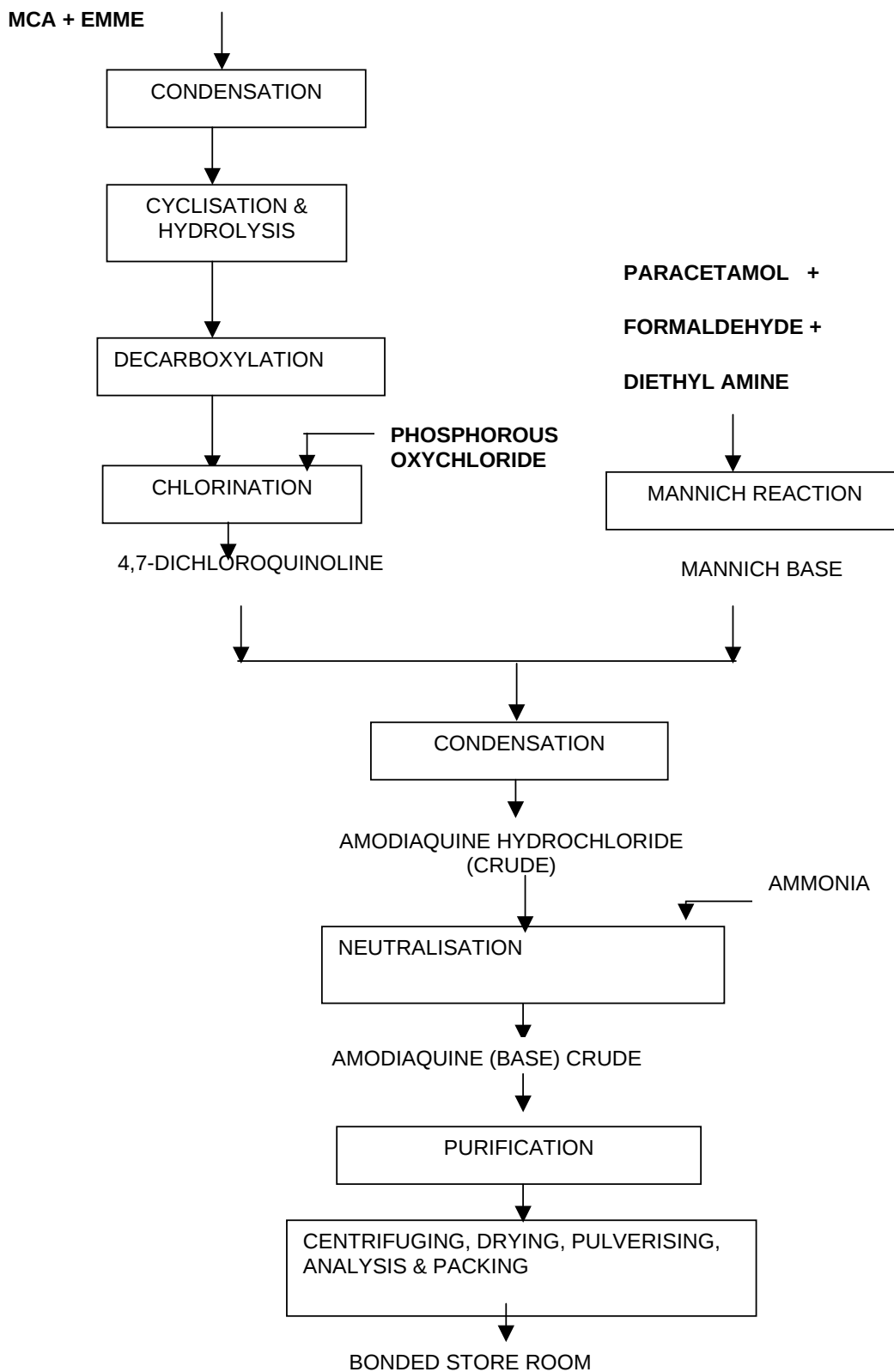
PROCESS FLOW DIAGRAM AND BRIEF DESCRIPTION:

The process flow diagram and the brief description explaining the process flow of the products being produced by the company are given hereunder:



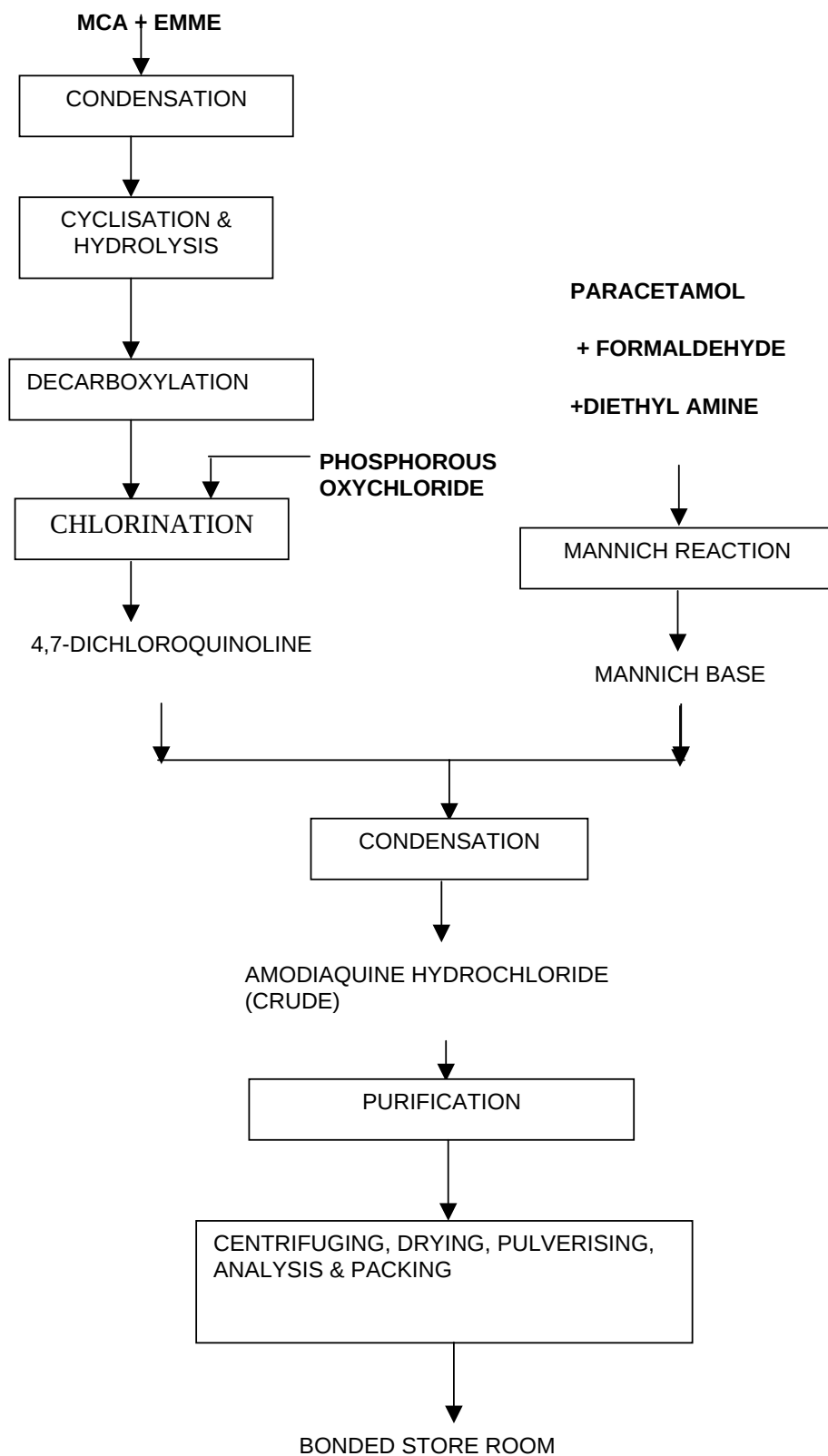
A. PROCESS FLOW DIAGRAM

AMODIAQUINE (BASE) (USP)



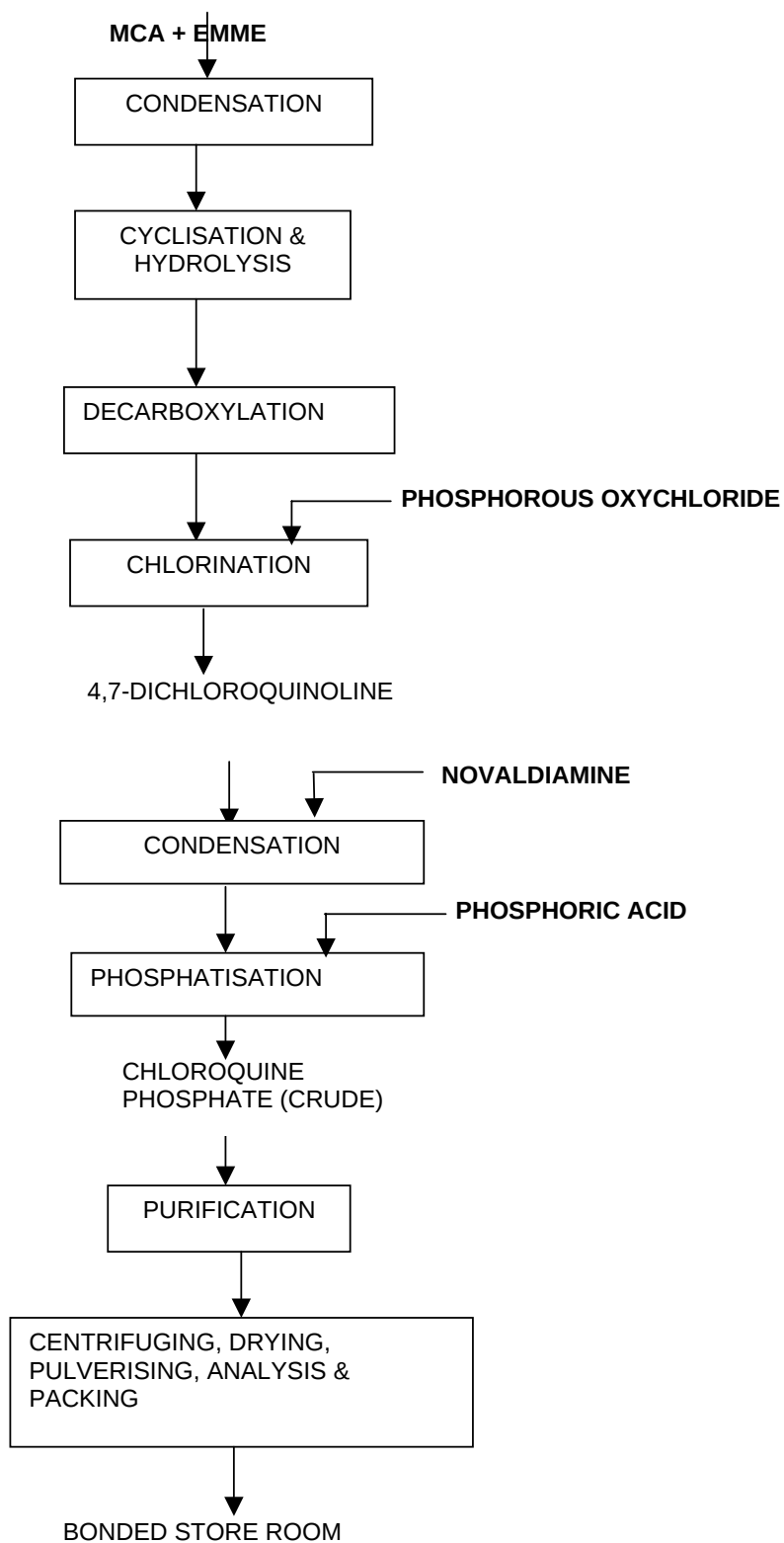


AMODIAQUINE HYDROCHLORIDE (IP / USP)



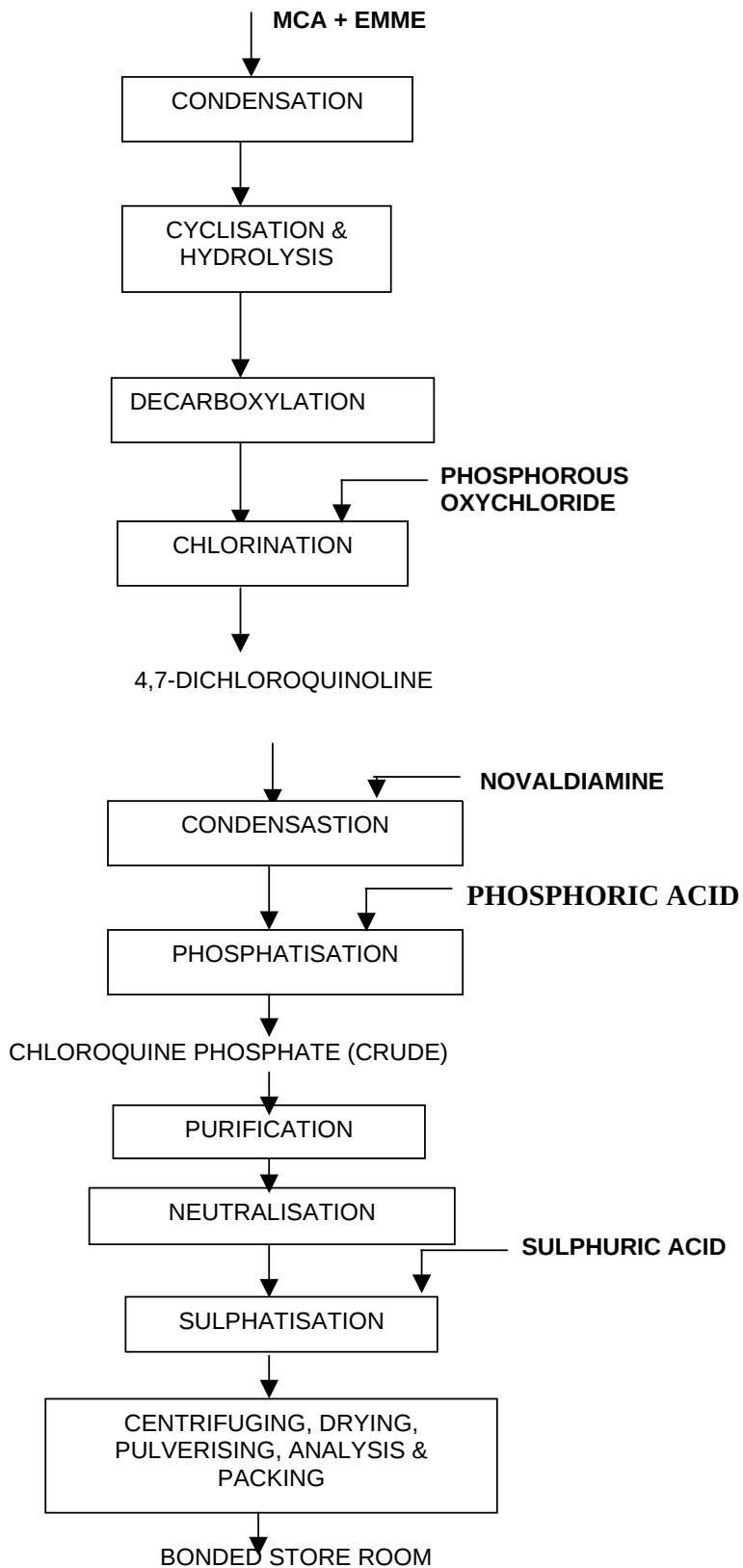


CHLOROQUINE PHOSPHATE (IP / BP / EP / USP)



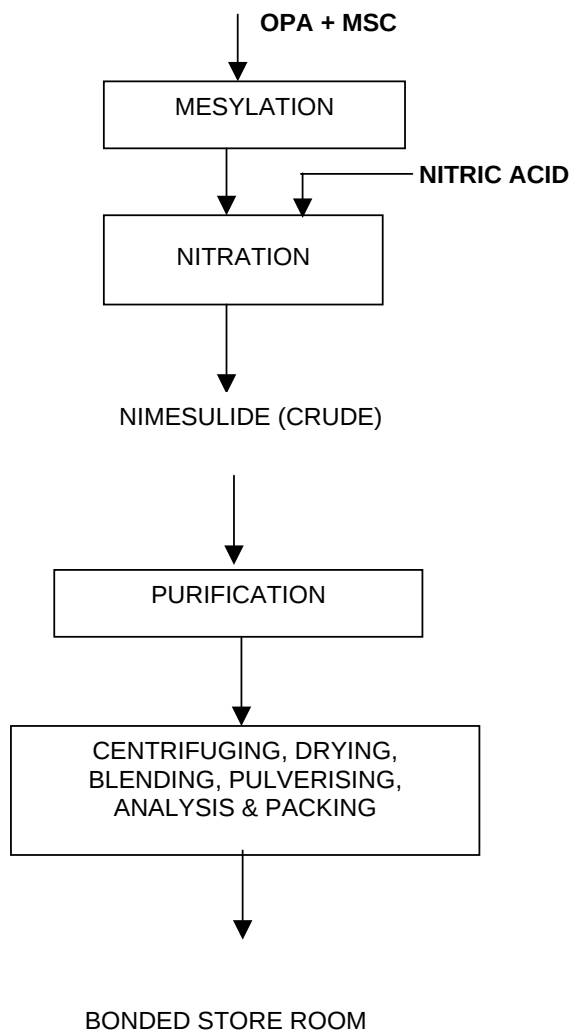


CHLOROQUINE SULPHATE (IP / BP)





NIMESULIDE (BP / EP)





B. BRIEF PROCESS DESCRIPTION

AMODIAQUINE (BASE) USP

Stage-1& 2	:	Meta Chloro Aniline (M.C.A) & Ethoxy Methylene Malonic Ester (E.M.M.E). are condensed to form the acrylate, which is then taken for cyclisation and then subjected to hydrolysis. The aqueous layer is then decarboxylated and acidified to give 4-Hydroxy -7-Chloroquinoline (4-OH).
Stage-3	:	4-Hydroxy-7-Chloroquinoline is chlorinated with Phosphorous Oxychloride, and then neutralised with Caustic Lye to obtain 4,7-Dichloroquinoline (DCQ).
Stage- 4	:	Paracetamol and Formaldehyde under go mannich reaction to form Mannich Base.
Stage-5	:	Mannich base and DCQ are reacted with each other to form Amodiaquine Hydrochloride (Crude)
Stage-6 Stage-7 & 8	:	Amodiaquine Hydrochloride (Crude) is purified. Then it is re-crystallized. Amodiaquine Hydrochloride (Crude/Pure) is then treated with ammonia gas and Neutralised to obtain Amodiaquine (base) USP grade. This is centrifuged, dried, pulverized, analysed and packed in HDPE or Fiber drums, with two LDPE liners, the primary one being transparent & the secondary black.

AMODIAQUINE HYDROCHLORIDE IP / USP

Stage-1& 2	:	Meta Chloro Aniline (M.C.A) & Ethoxy Methylene Malonic Ester (E.M.M.E). are condensed to form the acrylate, which is then taken for cyclisation and then subjected to hydrolysis. The aqueous layer is then decarboxylated and acidified to give 4-Hydroxy -7-Chloroquinoline (4-OH).
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Stage- 4	:	Paracetamol and Formaldehyde under go mannich reaction to form Mannich Base.
Stage-5	:	Mannich base and DCQ are reacted with each other to form Amodiaquine Hydrochloride (Crude)
Stage-6 & 7	:	Amodiaquine Hydrochloride (Crude) is purified. It is re-crystallized. To obtain Amodiaquine Hydrochloride IP / USP. This is centrifuged, dried, pulverized, analysed and packed in HDPE or Fiber drums, with two LDPE liners, the primary one having transparent & the secondary black.



CHLOROQUINE PHOSPHATE (IP/ BP / EP / USP)

Step – 1&2	:	Meta Chloro Aniline (M.C.A) & Ethoxy Methylene Malonic Ester (E.M.M.E). are condensed to form the acrylate, which is then taken for cyclisation and then subjected to hydrolysis. The aqueous layer is then decarboxylated and acidified to give 4-Hydroxy -7-Chloroquinoline (4-OH).
Step – 3	:	4-Hydroxy-7-Chloroquinoline is chlorinated with Phosphorous Oxychloride, and then neutralised with Caustic Lye to obtain 4,7-Dichloroquinoline (DCQ).
Step – 4	:	4,7-Dichloroquinoline is condensed with Novaldiamine to obtain Chloroquine base, which is then reacted with Phosphoric Acid to give Crude Chloroquine Phosphate (CQP).
Step – 5 & 6	:	Crude Chloroquine Phosphate is taken for recrystallisation to obtain pure Chloroquine Phosphate of IP / BP / EP / USP grade. This is centrifuged, dried, pulverized, analysed and packed in HDPE or fiber drums, with two LDPE liners, the primary one being transparent & the secondary black.

CHLOROQUINE SULPHATE (IP / BP)

Step – 1&2	:	Meta Chloro Aniline (M.C.A) & Ethoxy Methylene Malonic Ester (E.M.M.E). are condensed to form the acrylate, which is then taken for cyclisation and subjected to hydrolysis. The aqueous layer is then decarboxylated and acidified to give 4-Hydroxy -7-Chloroquinoline (4-OH).
Step – 3	:	4-Hydroxy-7-Chloroquinoline is chlorinated with Phosphorous Oxychloride and then neutralised to obtain 4,7-Dichloroquinoline (DCQ).
Step – 4	:	4,7-Dichloroquinoline is condensed with Novaldiamine to obtain Chloroquine base, which is then reacted with Phosphoric Acid to give Crude Chloroquine Phosphate (CQP).
Step – 5 & 6	:	Crude Chloroquine Phosphate is recrystallised to obtain pure Chloroquine Phosphate. It is further neutralised to form CQ Base.
Step –7 & 8	:	CQ Base is treated with sulphuric acid to form Chloroquine Sulphate IP / BP grade. This is centrifuged, dried, pulverized, analysed and packed in HDPE OR fiber drums, with two LDPE liners, the primary one being transparent & the secondary black.

NIMESULIDE (BP / EP)

Step - 1	:	Ortho Phenoxy Aniline (O.P.A.) with Methane Sulphonyl Chloride (M.S.C.) undergoes mesylation to form Ortho Phenoxy Methane Sulphonanilamide (OPMSA).
Step - 2	:	O.P.M.S.A. is nitrated in presence of nitric acid to give Nimesulide (Crude).
Step - 3	:	Nimesulide (Crude) is then purified to obtain Nimesulide BP / EP. This is centrifuged, dried, blended, pulverized, analysed and packed in HDPE or Fiber drums, with two LDPE liners, the primary one being transparent & the secondary black.



OTHER PROJECT

The company has on the anvil plans and technology for the production in the foreseeable future of latest anti-malarials recommended by W.H.O. in the existing set-up. The products identified by the company are:

1. Artemisinin
2. Artesunate
3. Artiether
4. Artimeter

The company has plans to grow Artemisinin Annna on farming basis in India, to reduce its dependance on outside sources to extract Artemisinin and further process the same to make Artesunate, Artemeter and Artiether.

The above products are amongst the largest bulk drugs used in producing finished anti-malarial formulations in the world. The market for the same is expected to grow significantly in times to come. The said bulk drug does not fall under any patent as on date to the best of company's knowledge.

The company has plans to set up facilities for the manufacture of these products in the near future. Realizations for these products are expected to be higher than the existing products.

Brief Process

1. ARTESUNATE

Manufacturing Process: Artemisinin is reduced by sodiumborohydride in methanol. The product is isolated and converted to succinic anhydride in toluene. Crude succinate (artesunate) is purified by crystallization from hexane.

2. ARTEMETHER

Manufacturing Process:

Step – 1 :- Reduction of artemisinin by sodiumborohydride in methanol. The product is isolated by partial distillation of solvent, shilling and filtration, drying.

Step – 2 :- The product of Step-1 is converted to methyl ether (artemether) using Boron trifluoride etherate and methanol to crude artemether.

Step – 3 :- Crude artemether is crystallized from hexane or toluene – hexane mixture to get final product which is dried multi-milled / sieved and packed.

3. ARTEETHER :

Manufacturing process is similar to that for artemether except that ethanol is used as solvent in place of methanol in 2nd step to get ethyl ether and purification step involves one crystallization and one purification by column-chromatography.

The products have been perfected in laboratory stage .The Research & Development have been extensively carried out during the last one year. Trial production is expected to be carried on pilot scale during the first quarter of 2005.The products are approved by WHO for treating Malaria universally. Presently there are not many companies nationally as well as internationally manufacturing these products .In India only IPCA is manufacturing these products. The demand for these products outstrips the supply.

IX. COMPETITIVE STRENGTHS

The Company believes that it is well positioned to enhance its position as a supplier of Bulk Drugs, specialty chemicals and emerge as a outsourcing partner for companies in the global pharmaceuticals and chemical related industries, on account of its competitive strengths that include the following:

- 1) Over 30 years experience in the field of chemicals with focused efforts local and exports. Manufactures wide range of products at its facilities. It has also strengthened its R&D efforts and introduced new products. It has developed its business in the European, African and Far East markets and expects to move into other developed markets.



- 2) Dedicated facilities, vast experience in establishing and improving technology at the least possible cost and best possible quality. Additionally, large volumes offer significant raw material price benefits, besides, the advantages on the logistics and supply chain management fronts. Has helped in maintaining a long term working relationship with the customers and improve customer retention strategy.
- 3) Proven through R&D process, its ability to improve processes through process innovation, improving processes yields thereby, reducing the costs of end products or the customers.
- 4) Complete infrastructure of process research laboratories, scale up, pilot plant and validation block;
- 5) Large manufacturing facility complying to GMP standards* capable of producing volumes with tight delivery schedules;
- 6) Fully compliant with environment regulations.
- 7) Flexible product process and range to meet various product demands.
- 8) Enjoys domestic brand equity for its products.
- 9) Diversified in developing drug intermediates;
- 10) Quality systems and measures up to the required levels, enables to mitigate risk from competitors and new entrants.
- 11) Multi-purpose and multi-product production facilities allows it to produce a variety of Chemicals and specialty chemicals, intermediates and Bulk Drugs by merely changing the process parameters and input mix. The production facilities are cost competitive due to optimized manpower deployment, ability to recover reaction inputs and reuse it and our process efficiency.

Bulk drugs facilities are GMP* approved and the Company has ISO 9000:2000 quality certification for total quality management system.

** WHO GMP Certificate has expired and the company has applied for renewal of the same.*

RESEARCH AND DEVELOPMENT

Mangalam is a research-driven company. All the technologies for products being produced currently have not only been developed in-house, but through on-going R & D efforts been more efficiently produced against previous benchmarks of quality, yield and safety. The company has inculcated a philosophy that R&D is an on-going growth facilitator. The R & D efforts are focused not only on developing new technologies, but also continuously upgrading existing manufacturing techniques to improve process yields and make world-class quality products.

The company's R&D activities include:

- (1) Contract research & process improvement;
- (2) Pilot studies for new products for clients;
- (3) Process optimization & improvement; and
- (4) Research for in-house applications (production of APIs / intermediates & fine chemicals).

The company is focusing on Research & Development activities to optimise cost, increase process yield, inventing better process and waste recovery methods. The R & D team specialises in Alkylation, Cyanation, Diazotization, Friedal – Crafts, Acylation, Condensation, Cyclization, Esterfication, Hydrolysis, Hetrocyclic Synthesis etc.

Mangalam has its R & D facility located at Vapi under the immediate supervision of its Director, Mr. A. R. Boob, as it is one of the most important aspects of company's growth. The facility is spread over an area of 178 sq. mtrs. and has manpower strength of 18 persons headed by a Manager who is an M.Tech from UDCT with an experience of 30 years. The facility is equipped with necessary apparatus and assemblies to carry out the Unit processes and operations.

Phenyl Ethyl Alcohol was the very first product for which the process was developed in-house. The requisite plant and machinery with a capacity of 5 MT per month was designed in-house and set up in



Vapi. The R & D Dept. constantly worked on modifying the processes, to obtain better yields. The efforts bore fruits and the company was able to produce 10 MT per month within the same set up. Thereafter, the capacity was further increased to 25 MT per month. The company further developed two products, namely, Phenyl Ethyl Methyl Ether and Phenyl Ethyl Acetate, which are based on Phenyl Ethyl Alcohol.

In 1980, Company added another product Aluminum Chloride (Anhydrous). The process for the same was developed in-house primarily to meet the captive demand for producing Phenyl Ethyl Alcohol. Initially, a plant was set up with a capacity of 30 MT per month, which was subsequently increased, to 240 MT per month in 1987. The Company continues to produce 240 MT per month. It was possible to introduce this product and achieve enhancement in capacity due to continuous R & D efforts of developing a plant with requisite specifications conforming to the stringent requirements of European markets, where the product is being regularly exported.

The company through its R & D efforts set up a plant to produce Metronidazole, a process of Bulk drug was also developed with an initial capacity of 2 MT per month which was subsequently enhanced to 12 MT per month over the period of time. The company not being among the market leaders for this product decided to exit from this product.

The Company having developed and perfected the art of handling of Ethylene Oxide, used in the manufacture of Phenyl Ethyl Alcohol began exploring the possibilities of making effective use of the expertise; accordingly products based on Ethylene Oxides were identified. The products identified were developed in-house. Plant was set up in 1989 to manufacture Disperse Dye Intermediates and other products based on Ethylene Oxide.

As a step to integrate backward, process for several Intermediates such as Meta Chloro Aniline, Metra Nitro Aniline, Meta Amino Acetanilide etc were developed to produce the Disperse dye intermediates range, which enable us to cut cost.

As an ongoing endeavor to add new products to its existing range of products, Chloroquine Phosphate was identified as a promising bulk drug. The entire developmental process for this product was done in-house including designing of the plant etc. The production commenced with a capacity of 10 MT per month in the year 1995. Productivity and yield enhancement was an ongoing process. A major break-through was achieved to this end; the same Plant after providing for certain balancing equipments, now produces around 25 MT per month. Owing to significant improvement in the productivity and the yield, the company is now in a position to compete with the Chinese for this product in local and international market.

To make optimum utilization of the Plant, the company was able to develop processes for producing Amodiaquine Hydrochloride, Amodiaquine Base and Chloroquine Sulphate to cater to the international market. After initial development, the same was taken to the pilot plant to assess and standardize the quality and productivity and also to establish the process so developed. The production for these products is being undertaken here.

Moving forward efforts were on to find a substitute product whereby the facility created for Metronidazole could be optimally used; a major break through was achieved by way of Nimesulide. This Bulk drug was developed and tried out in this facility and the results were very promising. Initially, the production of 5 MT per month of Nimesulide was achieved in this Plant and gradually scaled up to 30MT per month in a short span of 3 years.

To further cut costs, one of the Intermediates i.e. Ortho Phenoxy Aniline required in the manufacture of Nimesulide was developed in-house and the same was produced in the facility that were created for Disperse Dye Intermediate manufacturing without incurring any major expense for the same.

Given company's expertise and capabilities to develop process of new products, it also produced various speciality chemicals at the request of Multinational Companies like DyStar – Germany, Clariant International, Whyte Chemicals Limited – U.K. to meet their specific requirements, the products offered to them are:

- a) Toluzonic Chloride
- b) MHPN
- c) Succinimide
- d) Acetyl DNA etc.

The quality of all these products has been well received and repeats commercial businesses were done.



In line with the Company's philosophy, regular R & D based on market conditions is being carried out at our set-up in Vapi. Over the years besides the present products, which are in production, a number of new molecules were looked at and worked upon. Some were developed to the perfection and others are still in the pipeline.

The Company's R&D orientation and understanding of process innovations has resulted in development work for its customers and with the intent of getting long-term manufacturing contracts.

The company has involved R&D team for raw material sourcing, process optimisation, in-process control tests, analytical method development, the subsequent activity of test and validation projects, and stability studies of the products. This has resulted in the issuer not only being cost efficient but also having several products in its research pipeline at different stages of development.

EXPORT STRATEGY

Mangalam has evolved a well-planned export strategy. Currently, exports (including deemed exports) constitute 10% of sales. Going forward, the company will strengthen this focus on exports.

- The company currently exports its products to Europe, Africa, Bangladesh and Indonesia. Recently, the company has entered into an exclusive agreement with 3 European companies for developing and supplying products exclusively for them.
- Anti-Malarial (Bulk Drugs) enjoy a large and growing market in India, African continent, Pakistan, Bangladesh and other tropical countries. With a view to increase market share, improve the customer portfolio and get a better realization and utilization from the existing plant and machinery, the company has decided to focus on these markets. During the visit to Ghana, Kenya, Nigeria, Uganda and Tanzania, the company has identified bulk and reliable consumers of these products. The company has been able to bag orders from them with an assurance from these consumers to procure their requirements from the company on long-term basis. Given this backdrop, the company is confident of increasing its market share in the overseas market.
- Till date, the company has been successful in exporting Aluminum Chloride (Anhydrous) to customers in Germany, Italy and Taiwan. Based on the properties of the product, the company has identified a counterpart in Germany, who shall stock this product and sells after re-packing the same according to the requirements of various consumers. The company has further decided to invest in bulk containers jointly with the said German company; to facilitate storage of the product in the German company's godown and thereafter dispatch of the same to different destinations. These initiatives are expected to boost the export and help the company access this growing market and realizing a better value for its product in commercial terms.

The above two products along with the plan to manufacture 4-MEP & DTDBA is expected to enhance their exporting earnings significantly thereby increasing the bottom-line and reducing reliance on the local market.

Going forward, the company expects export earnings to increase significantly over fiscal 2005-2010.

Mangalam Drugs & Organics Limited leverages its strength of brand recognition and quality products through both direct marketing and a well-established network of agents.

The company has a dealer network comprising of 25 agents in India and 3 in the overseas market in Pakistan, England (covers whole of Europe and Africa) and Israel.

Existing Facilities:

The company has its facilities set up at Plot No.187, admeasuring 8,732 sq. mtrs. and Plot No. 1203, admeasuring 10,000 sq. mtrs. in Vapi Industrial Area of GIDC, situate within the Village limits of Chhiri, Taluka Pardi, Dist. Valsad, in the State of Gujarat.

The following equipments are already installed and operational at these above mentioned sites :

1. Total Reactors: 50 Nos.
Total Capacity: 150 M3
M.O.C: SS, GL, MS, Lead-lined etc.



2. High Vacuum Fractional Distillators:
3 Nos. (Upto 40 stages)
M.O.C.: SS, MS
1500-4000 Litres – Reboiler.
3. Continuous Fractional Distillation columns for solvents like Methanol and Ethanol
4. Equipment for Filtration, Drying, Flash Distillation etc.

The company also has its facilities at Plot No. 11, 29 to 32, 35, 37 & 38, admeasuring 7,320 sq. mtrs. situated at Sangamner Bank i.e. Julwadi Area Taluka, Dist. Sangamner, in the State of Maharashtra.

The following equipments are installed and operational at these above mentioned sites:

1. Furnace: 5 Nos.
2. Condensor Tanks: 5 Nos.
3. Buffer Tanks: 5 Nos.
4. Silo: 2 Nos.
5. 1 DG Set: Capacity (56KW / 63 KVA & 76 H.P.)
6. Equipments such as compressors, piping etc.

Pilot Plant:

The company has an exclusive pilot plant facility to help it assess and standardise the quality and productivity and to establish the process so developed. It houses SS & GL Reactors, Drier, Filtration equipments etc. Pressure reactions upto 10 Kg/cm² can be handled by this plant. Processes of new products and improvements in existing products developed by R & D Department are taken up on pilot plant scale.

EFFLUENT TREATMENT

Company's all units are equipped with Pollution Control facilities and all possible safeguards are taken to maintain environmental friendly production practices.

Effluent Treatment Plant (ETP)

The Company has an effluent treatment plant as per the prescribed standards of the Pollution Control Board. The effluents from the plant are treated in two stages viz., Primary and Secondary. The Primary plant consists of equalisation cum neutralisation tanks. The Secondary plant consists of Aeration tank for the bacterial treatment of effluents and secondary setting tank.

After above treatment the effluent is sent to common effluent treatment plant to make the effluent more eco-friendly.

The Company has received the Environment Clearance from the Government of India, Ministry of Environment & Forests, New Delhi vide their letter No. J-11011/127/2003-IA II (I) dated 8th December, 2003 subject to the adherence of conditions specified in the said letter.

UTILITIES

Power

The Maximum contract demand for Power for the units is estimated as below:

Location	Sanction Load (KVA)	Contract Load (KVA)
Plot No. 187, Vapi	375	319
Plot No. 1203, Vapi	350	298
Sangamner Unit	45	37.80

1 DG set (total 300 KVA) and 2 DG sets (total 325 KVA) at the Plot No. 187 and Plot No. 1203, Vapi respectively, which can supply 100% of the electricity required by the company in case of any disruption of electricity supply from GEB. 1 DG Set (63 KVA) at Plot No. 11, 29 to 32, 35, 37 & 38 Sangamner



Water

The requirement of water per day is as follows:

Location	Requirement (in Kilo litres)
Vapi Unit I	90-100 KL per day
Vapi Unit II	110-120 KL per day
Sangamner Unit	5-6 KL per day

The Mangalam products have global acceptance. They are being exported to number of countries such as Germany, U.K., Switzerland, African Countries, Korea, Turkey, Indonesia, Thailand, Pakistan and Bangladesh etc.

The Products being exported by the company are :

- Chloroquine Phosphate B.P./U.S.P
- Chloroquine Sulphate B.P.
- Amodiaquine Hydrochloride U.S.P
- Amodiaquine Base U.S.P
- Aluminium Chloride Anhydrous
- Disperse Dye Intermediates
- Mono Chloro Acetic Acid
- Other Speciality Chemicals

TERM LOANS :(as on 31.3.2004 and 30.09.2004)

The status of term loans from Banks / Financial Institutions as on 31st March, 2004 is:

(Rs.in Lacs)

Lending Institution	Amount of Loan Sanctioned	Amount Availed / Disbursed	Amount Outstanding	Interest Rate%
IDBI	550.00	550.00	275.00	15.00
United Western Bank	245.00	245.00	102.06	15.00
Saraswat Bank	105.00	105.00	56.93	18.50
SBI	650.00	201.24	201.24	12.75
Total	1550.00	1101.24	635.23	

The status of term loans from Banks / Financial Institutions as on 30th September, 2004 is:

(Rs.in Lacs)

Lending Institution	Amount of Loan Sanctioned	Amount Availed / Disbursed	Amount Outstanding	Interest Rate%
IDBI	550.00	550.00	220.00	15.00
UWB	245.00	245.00	82.40	15.00
SB	105.00	105.00	35.00	18.50
SBI	650.00	303.25	406.26	12.75
Total	1550.00	1203.25	743.66	

WORKING CAPITAL FACILITIES

The company has been availing various working facilities under multiple banking arrangements with its bankers i.e. The United Western Bank Limited (UWB), State Bank of India and The Saraswat Co-operative Bank. The details of the fund based and non-fund based limits from these banks as on 31st March 2004 are as under:

(Rs.in Lacs)

Name of the Bank	Type of Limit	Limit
	Fund Based	
UWB	CC/WCDL	800.00
SBI	CC/WCDL	640.00



SB	CC/WCDL	160.00
	Non – Fund Based	
UWB	L/C	310.00
	B/G	140.00
SBI	L/C	305.00
	B/G	55.00
SB	B/G	90.00
	TOTAL	2500.00

The details of the fund based and non-fund based limits from these banks as on 30th September, 2004 are as under:

(Rs. in Lacs)

Name of the Bank	Type of Limit	Limit
	Fund Based	
UWB	CC/WCDL	980.00
SBI	C/WCDL	760.00
SB	CC/WCDL	160.00
	Non – Fund Based	
UWB	L/C	310.00
	B/G	140.00
SBI	L/C	305.00
	B/G	55.00
SB	B/G	90.00
	TOTAL	2800.00



VIII. MANAGEMENT DISCUSSION AND ANALYSIS

A. ANALYSIS OF FINANCIAL STATEMENTS

1) For the year ended 31.03.2002

Total Income: The total income increased from Rs.6431.39 Lacs in 2001 to Rs.6853.45 Lacs in 2002, an increase of about 6.50%, despite the general recession in the economy and stiff local and international competition.

Export sales surged from Rs.717 Lacs to Rs.907 Lacs, an increase of 26.50%.

PBT: The profit before tax increased from Rs.165.60 Lacs to Rs.180.57 Lacs, an increase by 9.04%.

PAT: The profit after tax decreased from Rs.148.60 Lacs to Rs.133.57 Lacs on account of higher provision for taxation.

2) For the year ended 31.03.2003

Total Income: The total income increased from Rs.6853.45 Lacs to Rs.7736.90 Lacs, an increase of 12.89%. This increase was due to the enhanced capacity of Bulk Drugs and a spurt in demand for Nimesulide.

Exports sales surged by 24.68% from Rs.907 Lacs to Rs.1137 Lacs.

PBT: Despite difficult market conditions and stiff competitions, the company was able to maintain the margins. PBT increased from Rs.180.57 Lacs to Rs.190.40 Lacs, an increase of 5.44%.

PAT: The PAT was Rs.135.59 Lacs in 2003 against Rs.133.57 Lacs in 2002.

3) For the year ended 31.03.2004

Total Income: The total income has increased from Rs.7736.90 Lacs in 2003 to Rs.8075.33 Lacs in 2004, an increase of 4.37%.

PBT: The PBT surged from Rs.190.40 Lacs to Rs.255.35 Lacs, an increase of 34%. This has been mainly due to a very tight cost control and an increased concentration of sales of Bulk Drugs & Bulk Drugs Intermediates.

PAT: The PAT also increased from Rs.135.59 Lacs to Rs.191.07 Lacs, an increase of 41%.

4) For the half year ended 30.09.2004(Audited).

Total Income: The total income has increased to Rs.4463.27 Lacs which is an increase of 10.54% on annualized basis.

PBT/PAT: PBT/PAT has increased to 178.22 Lacs which on an annualized basis is an increase of 39.59% on PBT and 86.55% of PAT of 2003-2004.

Results of Operations:

The table below set forth various items from the audited financial statements for fiscal 2002, 2003, 2004 and half year ended on 30th September, 2004 as a percentage of net value of production (i.e. total net sales excluding excise duty and increase / decrease in stock).

(Rs. in Lacs)

Particulars	Fiscal 2002	Fiscal 2003	Fiscal 2004	30-09-2004
Sales	6829.22	7698.23	8036.30	4445.63
Less: Excise Duty	400.25	436.06	407.30	218.72
Increase / (Decrease) in stock	(104.04)	4.09	(109.66)	137.34
Net Value of production (NVP)	6324.93	7266.26	7519.34	4364.25
Cost of raw-materials	4661.20	5599.02	5880.07	3506.93



Percentage to NVP	73.70%	77.06%	78.20%	80.36%
Manufacturing Expenses	784.78	775.86	774.64	387.33
Percentage to NVP	12.41%	10.68%	10.30%	8.88%
Administrative & Selling expenses	407.93	422.28	362.10	156.55
Percentage to NVP	6.45%	5.81%	4.82%	3.59%
Finance Expenses	224.43	224.45	192.42	91.43
Percentage to NVP	3.55%	3.09%	2.56%	2.09%
Depreciation	90.25	92.92	93.79	61.42
Percentage to NVP	1.43%	1.28%	1.25%	1.41%
PBT	180.57	190.40	255.35	178.22
Percentage to NVP	2.85%	2.62%	3.40%	4.08%
PAT	133.57	135.59	191.07	178.22
Percentage to NVP	2.11%	1.87%	2.54%	4.08%
Earnings Per Share (Annualised)	12.00	9.52	8.02	5.34
Book Value Per Share	125.71	68.79	25.98	28.65
Debt –Equity Ratio	1.18	1.37	1.13	1.14
Return On Net Worth (%)	9.55	8.85	10.75	18.64
Return On Capital Employed (%)	120.00	61.86	31.47	26.68
Net Asset Value Per Share	125.71	107.53	74.67	63.69

Historical and Planned Capital Expenditures

In fiscal 2002, the company made additions to Fixed Assets, including capital work in process amounting to Rs.56.96 Lacs.

In fiscal 2003, the company made additions to Fixed Assets, including capital work in process amounting to Rs.106.23 Lacs.

In fiscal 2004, the company made additions to Fixed Assets, including capital work in process amounting to Rs.463.13 Lacs, primarily to partly complete and commission its bulk drugs expansion project.

In the half year ended 30th September 2004, the Company has made addition to Fixed Assets including capital work in process amounting to Rs.236.25 Lacs. This is part of the ongoing expansion of its bulk drug facility.

Financial Market Risks

Quantitative and Qualitative Disclosures about Market Risk

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

Interest rate risk

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

Exchange rate risk

Issuer faces exchange rate risk to the extent that its certain payables are denominated in currencies other than Indian rupees. It import raw materials for its business activities. All these costs are denominated in foreign currencies. Similarly its export its products for which inward remittance are in foreign currencies.



The aggregate cost of imported materials, capital goods and components and aggregate income from cost of exports and net foreign exchange earned, year wise is as under:-

(Rs. in Lacs)

Financial Year	2002	2003	2004	Period Ended 30.09.2004
Earnings in foreign currency	906.76	1130.57	1003.14	545.23
CIF value of imports	951.73	829.06	646.59	659.72
Net foreign exchange earned	(44.97)	301.51	356.55	(114.49)

As can be seen from above, historically the company has been net foreign exchange earner.

Appreciation or depreciation of the Indian rupee relating to the currency of the payables/receivables can increase/ decrease our payments /receipts.

Effect of Inflation

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

Information required as per Clause 6.8 of SEBI Guidelines

1. Unusual or infrequent events or transactions

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

2. Significant economic/regulatory changes

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

Volatility in foreign exchange rates may have an inflationary effect on cost of imports. However, the company exports around ten percent of its turnover, any inflationary effect on imports will be more than offset by higher realization on exports.

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

3. Known trends or Uncertainties

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

4. Future relationship between costs and income

The R&D department has been successfully developing several new intermediates having good value addition and coming out with innovative and efficient processes resulting in cost reduction. This is expected to gain momentum in the future years.

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

5. Seasonality of business

There are no products sold which are seasonal in nature.

6. Dependence on single or few suppliers / customers

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



7. Restructuring initiatives

The Company as a part of its restructuring initiative is considering the deletion of a few low profitability products and intends to add speciality chemicals, which are a high margin products. Thus ensuring the overall product margins of the company are increased. Going forward, the company expects earnings to be driven by an increased focus on exports and further gains in efficiency.

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

The Company's **R & D Department** has been successfully in developing the technologies for products currently being produced. Its efforts are focused to optimize cost, increase process yield, inventing better process and waste recovery methods. This is expected to gain momentum in the future years.

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

The size of global pharma industry is estimated at about US \$ 397 billion and is growing at 9.8% per annum (approx) (source: Scrip magazine – February 2002)

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

The company has firm plans and technology in place to go in for the production of latest anti-malarials recommended by W.H.O. in the same set-up. The products identified are:

- Artemesinin
- Artesunate
- Artiether
- Artimeter

It is also seriously working on plans to grow Artemesinin Annna on following farming basis in India, so that it does not have to rely on sourcing this plant from elsewhere to extract Artemesinin and process the same further, to make Artesunate, Artemeter and Artiether.

11. Competitive conditions

The Indian Pharma Industry is estimated to be worth \$ 4.5 billion, growing at about 8 to 9 percent annually. Source (www.pharmaceutical-drug-manufactures.com) On an overall basis however, the Indian Pharmaceutical sector is highly fragmented with more than 20,000 registered units. It has expanded significantly in the last two decades. The leading 250 pharmaceutical companies control 70% of the market with the top two players holding nearly 15% of the market share. The pharmaceutical industry in India meets around 70% of the country's demand for bulk drugs, drug intermediates, pharmaceutical formulations, chemicals, tablets, capsules, orals and injectables. There are about 250 large units and about 8000 Small Scale Units, which form the core of the pharmaceutical industry in India (including 5 Central Public Sector Units).

B. BASIS OF ISSUE PRICE

Qualitative Factors

- Already working in the field for nearly 30 years. Requisite experience and expertise while growing to the present stage, requiring innovative thinking and futuristic planning.
- An established brand name since three decades
- In-house manufacturing facilities comprising of various equipments, processes, Quality Control set-up and R & D facility.
- Availability of Pilot Plant
- Capable leadership and teamwork at all levels.
- Required infrastructure readily available for the expansion activity.
- Test marketing for the new products already carried out.
- Extensive Marketing network in India and abroad.
- R&D capabilities to develop efficient and cost effective process at short notice.
- Multi-purpose and multi-product production facilities ISO 9001 certification and WHO-GMP* Certification for CQP Plant at the Vapi facility

* WHO GMP Certificate has expired and the company has applied for renewal of the same.



Quantitative Factors

- 1) Adjusted earnings per share (EPS) weighted on face value of Rs 10/- as per Accounting Standard 20

Year	EPS (Rs) (Company)	Weight
2001-02	12.00	1
2002-03	9.52	2
2003-04	8.02	3
Weighted Average	9.18	

- 2) Price Earning Ratio (PE Ratio) in relation to the issue price of Rs.20/- to Rs.22/-

Based on Year 2004 EPS of Rs. 8.02	2.49	2.74
Industry P/E *		
Highest		38.7
Lowest		1.9
Average		18.7

(*Source: Capital Market Vol.XIX/17 Oct 25 – Nov 7, 2004)

- 3) Return on Net worth

Year	RONW Company (%)	Weight
2001-02	9.55	1
2002-03	8.85	2
2003-04	10.75	3
Weighted Average	9.92	

- 4) Minimum return on net worth needed after the issue to maintain EPS (as on March 31, 2004) at Rs.8.02 is 25.83% at a lower band of Rs.20/-and is 25.03% at a higher band of Rs.22/-

- 5) Net Asset Value (NAV) per share

Year	NAV Company
As on 31 st March, 2004	Rs. 74.67
Issue price	Rs. 20 -22

Notes:

- The Earnings per share and the average return on net worth has been computed on the basis of the adjusted profits and losses of the respective years, drawn after considering the impact of accounting policy changes and material adjustments /prior period items pertaining to earlier years.
- The denominator considered for the purpose of calculating Earnings per share in the average number of Equity shares outstanding during the year.
- Net Asset Value per share represents shareholder's equity as per restated financial statements less miscellaneous expenditure as divided by weighted average number of shares outstanding at the end of the period



Comparison with industry peers:

Comparison of accounting ratios of the issuer Company as mentioned above with the industry average with the accounting ratios of the peer group (i.e. companies of comparable size in the same industry for the year ending March31, 2004) is as follows

Accounting Ratios	Company	Peer Group		
	Mangalam Drugs and Organics Limited	Aarti Drugs Ltd	Fine Drugs & Chemicals Ltd	Vinati Organics Ltd.
EPS	8.02	9.9	2.0	0.4
PE Ratio	2.49	7.4	36.5	42.7
RONW	10.75	19.3	-	1.0
NAV	74.67	56.8	(1.2)	36.0

(Source: Capital Market Vol.XIX/17 Oct 25 – Nov 7, 2004)

C. STOCK MARKET DATA

The Company's equity shares are not quoted on any stock exchanges.

Particulars Regarding Previous Public Issues during the Last Five Years

The Company has not made public issues during the last five years.



IX. OUTSTANDING LITIGATIONS/DISPUTES/DEFAULTS

Save as stated herein:

- there are no outstanding or pending litigation, suit, criminal or civil prosecution, proceeding initiated for offence (irrespective of whether specified in Paragraph (I) of Part 1 of Schedule XIII of the Companies Act) or litigation for tax liabilities against the Company, its Promoters, Directors or Promoter Group companies.
- there are no defaults, non payments or over dues of statutory dues, institutional or bank dues or dues towards holders of debentures, bonds and fixed deposits and arrears of preference shares, other than unclaimed liabilities of the Company, its Promoters or Promoter Group companies other than IMP Power Limited (an associate company) which has submitted a CDR package as explained elsewhere in the Draft Prospectus.
- no disciplinary action has been taken by SEBI or any stock exchanges against the Company, its Promoters or Directors.
- there are no outstanding litigations against the directors of Mangalam

The Company has been generally regular in depositing undisputed statutory dues including, Provident Funds, Employee State Insurance, Income Tax, Sales Tax, Customs Duty, Excised Duty, cess and any other statutory dues with appropriate authorities. There is no outstanding dues for a period of more than six months from the date they become payable.

Following are the disputed demands, which have not been paid.

Nature of Demands	Amount (Rs. In Lacs)	Forum where dispute is Pending
1) Excise Duty	5.35	Central Excise and Service Appellate Tribunal
"	2.84	Excise Department Authorities
2) Income Tax	43.54	Commissioner of Income Tax (Appeals)

The following are the cases filed by the company under Section 138 of Negotiable Instrument Act for dishonour of cheque received by the company on and a case against the past employee of the Company before Valsad Labour Court:

Sr. No	Name of the party, Location & Case No.	Amount (in Rs.)	Date of Issue of legal notice	Status as on date	Remarks
1.	Bengal Immunity Limited, Calcutta Case Nos. 1825 & 1826/S/99, 28 th Court	11,041,908.00	04.05.1999	Kept for evidence	The suit has been filed before the Metropolitan Magistrate 28th Court. The next date of hearing is on 13.12.04.
2.	Sethna Case No. 2627/S/2002) 23rd Court (Old No. - Case No. 556/S/98, 37th Court as the same was shifted from 37th to 23rd Court)	1,250,000.00	19.08.95	Kept for evidence	The suit filed is presently before the Metropolitan Magistrate 23rd Court. The next date of hearing is on 6.1.05
3.	Serene Industries Limited - Case No. 577/S/2002), 23rd Court	1,507,405.00	07.10.96	Legal Notice and summon issued	The suit has been filed before the Metropolitan Magistrate 23 rd Court The next date of Hearing is on 30.12.04
4.	Serene Industries Limited - Case No. 578/S/2002) 23rd Court	184,000.00	07.10.96	Legal Notice and summon issued	The suit has been filed before the Metropolitan Magistrate 23rd Court The next date of Hearing is on 30.12.04



5.	Ex-Employee Mr. Nandlal Prashad Sharma. Ref. (LCV) case No. 472/99 at Labour Court, Valsad	Workman Prayed before the Court for his reinstatement with full Back wages and other benefits with cost.	12.11.1998	Matter is pending for Company's evidence	Company is asked to bring witnesses, relevant documents and information regarding the gainful employment from the date of leaving i.e. 07.11.1998 till date / till disposal of the case.
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X. MATERIAL DEVELOPMENT

In the opinion of the Company there have been no material developments after the date of latest balance sheet, which would have an impact on the performance and the prospects of the Company other than what has been set out elsewhere in this Prospectus.



III. RISK FACTORS AND MANAGEMENT PERCEPTIONS THEREOF

The Investor(s) should consider carefully the following risks factors, together with other information contained in this draft Prospectus before they decide to buy the Company's equity shares. Risks have been quantified, wherever possible. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's equity shares could decline and you may lose all or part of your investment.

INTERNAL RISK FACTORS

1. Any failure to keep abreast with the latest trends in the chemical and process technologies may adversely affect company's cost competitiveness and ability to develop newer generation products.

Management Perception:

The company has a dedicated, qualified and experienced team of research personnel who are abreast with the latest trends. The existing research facility is fully equipped with modern equipment and qualified scientists

2. The deployment of funds in the project is entirely at the discretion of the Issuer and is not subject to monitoring by any independent agency. Further the cost of the project and the means of finance have not been appraised by any Bank/ Financial Institution / Merchant Banker and are company's own estimates. In addition, the project is subject to various variables such as possible cost overrun, construction delays/defects.

Management Perception:

The project cost has been estimated by the company and based on implementation of similar projects in the past. The estimates of the project cost are believed to be fair and reasonable. The company believes that it has the requisite project execution abilities. Further, the Issuer has internally formed a project team consisting of persons from technical and finance departments. This committee will report on a regular basis to the Board and the Audit Committee with a view to ensure timely execution of the project

3. The project is mainly funded by Public Issue; any delay in raising funds from the public issue may delay the implementation of the project, which may have an adverse impact on the performance of the company.

Management Perception:

The existing operations of the company are profitable and the company shall meet any unforeseen cost escalation from the internal accruals

4. The Company has not initiated steps to purchase land for setting up its Aluminium Chloride (Anhydrous) Project. Consequently, the approvals relating to the purchase of land and setting up the project, as well as, the approvals required for running the project has not been applied for. Inability or delay in buying the land and obtaining the approvals required, as listed elsewhere, for setting up the project shall adversely impact the expansion plans.

Management Perception:

The company has already identified the land to be purchased for setting up the Aluminium Chloride (Anhydrous) Project. The same is readily available. The Company does not foresee any difficulty in buying the land required for the same, as well as, in obtaining the approvals required for setting up the project. It has in the past obtained such approvals for its facilities in Vapi & Sangamner and is fully conversant with the legal & procedural requirements.

5. The company has not placed orders for plant and machinery/equipments, which is to be financed from the proceeds of the Issue and has been included in the objects of the issue.

Management Perception:

The company has identified vendors for most of the major plant & machinery/equipment required for the project .It shall place orders / Letter of Intent in respect of the same closer to the date of actual installation as the lead time for delivery of these items of plant and machinery is less. For the balance, the company do not perceive problems in procuring them as they are easily available and have short set-up and implementation time.



6. The R&D activities are core to company's business model. However, as in any R & D activity, no assurance of returns on these investments can be given.

Management Perception:

Though no assurance can be given with regard to the R & D activities being beneficial to the company, but the growth of the company would not have taken place without continuous R & D efforts.

7. The prices of the raw materials/ solvents consumed by the Issuer are susceptible to volatility. A majority of these raw materials are basic chemicals, the demand for which is not dependent on demand by the pharmaceutical industry. The other industries, which are generally much bigger consumers of such chemicals, tend to determine the market prices of such basic chemicals. Such volatility may adversely affect company's profitability.

Management Perception:

The raw materials consumed are general chemicals and are available in India as well as in many countries around the world at competitive prices. The company does not foresee any problem in procuring the raw material/solvent at competitive prices.

8. There could be any delay in the schedule of implementation of the proposed project, which may have an adverse impact on business.

Management Perception:

The company has the requisite experience in the execution of projects and incurring capital expenditure. The Issuer in addition to the establishment/additions at Vapi unit, has constructed, erected and commissioned 8 production facilities and various utility and infrastructure blocks since inception at Vapi and Sangamner. Even if there is any delay in the implementation, the company has sufficient flexibility to take care of the additional initial business, by realigning its priorities during the delayed period, if any.

9. The Company has been granted the GPCB Authorisation for collection, Storage, Transport, Disposal, Incineration, selling under the Hazardous Waste (Management and Handling) Rules-1989 and Amended Rules-2000 for Plot No. 187 and Plot No. 1203 at GIDC, Vapi vide their letters dated 13/08/2002 and 31/01/2003. Fresh application for obtaining GPCB Authorisation for collection, storage, transport, disposal etc under the Hazardous Waste (Management and Handling) Rules-1989 and Amended Rules-2000 shall be made in due course of time to carry out the proposed activity relating to Bulk Drugs production. Inability to obtain or delay in obtaining the said approval would adversely affect the expansion plans.

Management Perception:

As the part project envisages expansion of facilities located at the existing location, which have received approvals from Gujarat Pollution Control Board, in the immediate past the Company does not see any difficulty in obtaining necessary permission at an appropriate time.

10. The company's sustained growth depends on its ability to attract and retain skilled chemists and scientists, as R&D is a key component of its business model. Failure on the part of the company to attract and retain skilled manpower could adversely affect its growth strategy. The Company's success depends partly on its senior management and key personnel and partly on its ability to attract and retain them.

Management Perception:

The Company provides an extremely challenging, open and professionally satisfying work environment to the employees. Most of its senior employees have been with the company for an extensive period of time. Further company's salary structure is in line with the industry norms. It does not foresee any difficulty in attracting and retaining high caliber personnel

11. The company may require employing additional contract labour for implementing its project. Inability to obtain or any delay in obtaining contractual labour would adversely effect the implementation and execution of expansion plans.

Management Perception:

Currently the company has the approval for engaging upto 36 number of contract labour for Plot No. 187 and 70 numbers of contract labour for Plot No. 1203, for loading and unloading activities



under the Licence No. MNK/CO. L.A./6/2004 dated 20/04/2004 issued by Asst. Labour Commissioner, Valsad. The said license shall expire on 31/03/2005. The company does not foresee any problem in obtaining approval for additional contract labour required by it and renewal of existing License granted by Asst. Labour Commissioner, Valsad.

12. In the recent past, there had been instances of hydrochloric acid leak at the factory at Sangamner which resulted in people living nearby suffer from breathlessness and dizziness. MPCB had shut down the unit. The same is closed till date. Earlier in the year 2001, the court had commissioned a study by IIT, Mumbai, which had found lacunae in the pollution control and safety measures at the unit at Sangamner. During the year 2003, IIT had confirmed that the company had complied with remedial measures, and the court lifted stay on production in the factory. One-man committee was appointed by the court to look into the larger issue of pollution. The report is awaited.

Management Perception:

The Company has already received Pollution Clearance Certificate dated 29.06.2004 from MPCB for operation of the Unit. In the meantime, the Company is getting job work done from outside sources, so that there is no loss of turnover or profitability due to the closure without compromising on the quality and security issues. The Company has initiated necessary steps to commence production and the same is expected to start shortly.

13. The Promoter and the Promoter Group currently hold 100% of the present paid up equity capital, which would decrease to 50.68% post Issue. Being majority stakeholders, the Promoter and the Promoter Group have the ability to exercise significant influence over matters requiring shareholder's approval, as only 49.32% of the fully diluted post-issue paid up capital is being offered in this Issue. The shareholders arising out of this Issue may not be in a position to influence any decision taken by the Promoter and the Promoter Group.

Management Perception:

The company operates in an open and professional manner. The Board of Directors on a joint consultative basis takes important corporate decisions.

14. Contingent Liabilities not provided for by the company as on 31st March, 2004, 31st March, 2003 and 31st March, 2002 and for quarter ended 30th September 2004 as appearing in the Audited Annual report for the said period are as given below.

CONTINGENT LIABILITIES:

(Rs. in Lacs)

PARTICULARS	March 31,2002	March 31,2003	March 31,2004	September 30,2004
(i) Guarantees given to suppliers	90.00	92.75	125.00	15.00
(ii) Guarantee executed in favor of Assistant Collector of Customs	102.00	106.08	69.77	24.00
(iii) Guarantee executed in favor of Assistant Collector of Central Excise	25.00	25.00	Nil	7.69

Crystallization of any of the above liabilities may require the company to honour the demands, if any, which may adversely impact the company's liquidity and thereby have material adverse impact on the financial resources and net worth.

Management Perception:

The contingent liabilities are in the normal course of business and the company does not perceive the possibility of any liabilities being crystallized

15. The Company has disputed the following claims raised by the Revenue Authorities, and as such have not paid the demands raised by these authorities.

Nature of Demands	Amount (Rs. In Lacs)	Forum where dispute is Pending
1) Excise Duty	5.35	Central Excise and Service Appellate Tribunal
"	2.84	Excise Department Authorities
2) Income Tax	43.54	Commissioner of Income Tax (Appeals)



Management Perception:

The Company has contested the claims of the Revenue Department(s) before the concerned Appellate Authorities. The operations of the Company as also the financial performance is not likely to materially adversely affect in any manner on account of these disputed demands.

16. Pending utilization in the project, the proceeds of the issue will be invested in non – productive assets such as Government securities and Bank Deposits in short and medium term. This deployment may result in inadequate returns to the company.
17. Any future equity offerings by the issuer and/or its existing shareholders, or the issue of options under an employee stock option plan, may lead to dilution of the shareholding or affect the market price of the Equity Shares.

Management Perception:

An ESOP Scheme serves as a strong motivational value for employees, which in turn contributes towards enhancement of shareholder's value.

18. IMP Power Ltd. an associate listed company of the promoters is incurring losses in the last three years and presently being traded at a price below the issue price. The said company has submitted a Debt Restructuring package to the banks/financial institutions, wherein the Company has approached the Banks and Financial Institutions for reschedulement of principal and interest payments, waiver of certain interest payments and reduction of rate of interest.

Management Perception

The Company suffered owing to non performance by SKODA.ETD in the technical/buyback collaboration; recessionary trends in the transformer market; slow realization from the State Electricity Boards and freezing of sanctioned non fund based limits by the Banks. To become competitive the company is presently focusing on exports; cost reduction measures; sale of non-core assets. The company as a part of rehabilitation package submitted a proposal for corporate debt restructuring (CDR) and the same is under consideration of the appropriate authority.

19. There have been instances of delay on the part of IMP Power Limited and IMP Finance Limited, listed associate entities of the promoters in complying with the requirements of the Listing Agreement with the Stock Exchange(s). The companies have also failed to make appropriate disclosure within the stipulated time as required under the SEBI (Substantial Acquisition of Shares & Takeovers). These companies have received a notice from SEBI for Violation of Takeover Regulations for Settlement by Consent Order.

Management Perception

The said companies have taken note of the non-compliances with the provisions of the listing agreement and with the requirements as laid down in the SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997. It shall henceforth be more vigilant in complying with various requirements on timely basis. These Companies had received notice from SEBI regarding violation of Takeover Regulations for Settlement by Consent Order. The same has already been replied to. Further response from SEBI is awaited in the matter.

20. There has virtually been no trading in the shares of IMP Finance Ltd. a listed company, listed on the Stock Exchanges.
21. Some of Mangalam Drugs and Organics Limited, associate companies have incurred losses in the last three years as set out in the table below:

(Rs. in Lacs)

Associate Companies	2004	2003	2002
Shree Rasbihari Trading & Investments Pvt. Ltd.	(1.83)**	(1.67)	1.71
Shree Kishoriju Trading & Investments Pvt. Ltd.	2.04**	(2.60)	0.11
IMP Power Ltd.	(1046.23)	(294.41) *	125.02 *
IMP Finance Ltd	111.49	20.41	6.41

* These figures are for a period of 15 months.

** These Figures are provisional and unaudited.



22. The success of the Company's business depends on its management team. Loss of any key managerial person can adversely affect its business.

Management Perception:

The Company provides an extremely challenging, open and professionally satisfying work environment to its employees

23. The Company has not entered into any tie-up for the purpose of arranging working capital for the projects enumerated in the 'Objects of the issue'.

Management Perception:

The Company has never faced problems in raising working capital due to fundamental strength of its business model and strong asset base. The pre-issue debt equity ratio is 0.39:1, gives the Company inherent borrowing capabilities. However, the margin working capital required has been factored in as part of the objects of the current issue.

24. The interest rates on term loans availed by the company is significantly higher than the prevailing market rate. In a soft interest rate scenario the company's margin will be affected due to its higher cost of borrowing.

Management Perception:

The term loan outstanding as on 30th September 2004 amounts to Rs. 743.66 lacs .The average cost of borrowing works out to 15%p.a. The company has approached the Banks/Financial Institutions for reduction in the interest rates on their borrowings. The amount of loan is small and so the adverse effect on company's margin will not be significant. However, the repayment of some of the high interest bearing term loan is one of the objects of the issue

25. The Company has obtained a Rupee Term loan from IDBI for Rs. 550 Lacs. Under the terms and conditions of the loan agreements executed with IDBI, the prior sanction of IDBI is required to be obtained by the company before any fresh capital can be issued, or the Memorandum and Articles of the Company amended. Further, there are restrictive covenants in agreements the company has entered into with certain banks and financial institutions for short-term loans and long-term borrowings. Some of these restrictive covenants require the company to obtain prior permission of the said banks/financial institutions for declaration of dividends, alteration of the capital structure, entering into any merger/amalgamation, expenditure in new projects, change in the key personnel, change in company's constitutional documents and the right to appoint a nominee director on the Board of Directors upon an event of default.

Management Perception:

IDBI from whom the financial assistance has been availed by the company has accorded their 'no-objection' to the plans of the company to access the capital market. As regards restrictive covenants in the agreements entered into with the banks/ financial institutions the company in the past has obtained the concurrence for those activities and does not foresee any problem in obtaining the same in future.

26. Any disruption in the supply of power and water could disrupt our business process or subject it to additional costs.

Management Perception:

The power required at both Vapi units is sourced from the GEB and of Sangamner Unit is sourced from the MSEB. The company has entered into a contract with the GEB for the supply of 375 KVA and 350 KVA of electricity for Plot No. 187 and for Plot No. 1203 respectively. Further, it also has 1 DG set with a capacity of 300 KVA and 2 DG sets with a capacity of 325 KVA at the Plot No. 187 and Plot No. 1203, Vapi respectively, which can supply 100% of the electricity required by it, in case of any disruption of electricity supply from GEB/ MSEB. The Sanctioned Load for Sangamner Unit is 45 KVA.

OUTSTANDING LITIGATIONS / DEFAULTS / DISPUTES:

Against the Company:

There has been no prosecution criminal or civil and no outstanding litigation including disputed tax liability, except as mentioned at point no.15 above against anyone of the board of directors or promoters of the company or other ventures of the promoters/associate companies.



There has been no default in meeting statutory dues against the company. The Company has no overdue defaults to financial Institutions/Banks.

Against the Board of Directors/Promoters:

There has been no default in meeting the statutory dues and other dues and claims against the Board of Directors/Promoters. There are no pending litigations against the promoters/Directors in their personal capacities involving violation of statutory regulations or criminal offences.

There are no proceedings initiated for economic offences against the Directors/Promoters.

Cases by the Company:

The following are the cases filed by the company under Section 138 of Negotiable Instrument Act for dishonour of cheque received by the company on and a case against a past employee of the Company before Valsad Labour Court:

Sr. No	Name of the party, Location & Case No.	Amount (in Rs.)	Date of Issue of legal notice	Status as on date	Remarks
1.	Bengal Immunity Limited, Calcutta Case Nos. 1825 & 1826/S/99, 28 th Court	11,041,908.00	04.05.1999	Kept for evidence	The suit has been filed before the Metropolitan Magistrate 28 th Court. The next date of hearing is on 13.12.04.
2.	Sethna Case No. 2627/S/2002) 23 rd Court (Old No. - Case No. 556/S/98, 37 th Court as the same was shifted from 37 th to 23 rd Court)	1,250,000.00	19.08.95	Kept for evidence	The suit filed is presently before the Metropolitan Magistrate 23 rd Court. The next date of hearing is on 6.1.05
3.	Serene Industries Limited - Case No. 577/S/2002), 23 rd Court	1,507,405.00	07.10.96	Legal Notice and summon issued	The suit has been filed before the Metropolitan Magistrate 23 rd Court The next date of Hearing is on 30.12.04
4.	Serene Industries Limited - Case No. 578/S/2002) 23 rd Court	184,000.00	07.10.96	Legal Notice and summon issued	The suit has been filed before the Metropolitan Magistrate 23 rd Court The next date of Hearing is on 30.12.04



5.	Ex-Employee Mr. Nandlal Prashad Sharma. Ref. (LCV) case No. 472/99 at Labour Court, Valsad	Workman Prayed before the Court for his reinstatement with full Back wages and other benefits with cost.	12.11.1998	Matter is pending for Company's evidence	Company is asked to bring witnesses, relevant documents and information regarding the gainful employment from the date of leaving i.e. 07.11.1998 till date / till disposal of the case.
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EXTERNAL RISK FACTORS

1. The Company operates in a globally competitive business environment. Growing competition may force it to reduce the prices of its products which may reduce its revenues and margins and/or decrease its market share, either of which could have a materially adverse effect on its business, financial condition and results of operations.

Management Perception:

The company is focusing on long-term contracts in global and local markets, which have an agreed pricing formula. Further through its R & D efforts it constantly endeavors to develop / modify the new / existing processes to improve yield / reduce costs.

2. Any change in regulatory environment may have an impact on Issuer's business. Its operations are subject to extensive regulation by numerous governmental authorities. Any change in the regulatory policies may have an impact on its business.

Management Perception:

The company keeps itself abreast of the various developments relating to the regulatory environment and gears itself to comply with such regulatory changes.

3. Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which the company import its raw materials and/or export its products to, will have an impact on the profitability.

Management Perception:

Company's exports and imports are spread over many countries, which would negate any adverse impact.

4. The Government of India has announced the gradual elimination of some of the income tax exemptions that are available to the Indian exporters. Non-availability of these tax exemptions will increase company's future tax liabilities and adversely affect the profitability in future.
5. Terrorist attacks and other acts of violence or war involving India and other countries where the company sell its products could adversely affect its business. Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001, New Delhi on 13th December, 2001 and Bali on 12th October, 2002, and other acts of violence or war, including those involving India, the United States, European Union, or other countries, may adversely affect Indian and worldwide financial markets. These acts may also result in a loss of business confidence and have other consequences that could adversely affect business, results of operations and financial condition. More generally, any of these events could adversely affect fuel prices, cause consumer spending to decrease, cause increased volatility in the financial markets and have an adverse impact on the economies of India and other countries, including economic recession. Further, regional conflicts in South Asia could adversely affect the Indian economy, disrupt operations and cause the business to suffer.
6. The Company imports a substantial quantity of raw material. The cost of these materials is mainly denominated in US Dollars. Any adverse fluctuations with respect to the exchange rate of US Dollars for Indian Rupees is likely to affect the input costs. The company does not have a



policy to hedge its foreign currency exposure. Therefore, it is exposed to losses due to currency fluctuations

Management Perception:

The Company is a net foreign exchange earner (after adjustment of cost of import against exports). Hence, there is a natural hedge of foreign currency exposure.

7. After this Issue, the price of Issuer's Equity Shares may be highly volatile, or an active trading market for its Equity Shares may not develop. The prices of its Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:
- Volatility in the Indian and global securities market;
 - The results of operations and performance, in terms of market share;
 - Performance of its competitors, the Indian pharmaceutical industry and the perception in the market about investments in the pharmaceutical sector;
 - Performance of the Indian economy;
 - Changes in the estimates of its performance or recommendations by financial analysts;
 - Significant developments in India's economic liberalization and deregulation policies; and
 - Significant developments in India's fiscal and environmental regulations.

There has been no public market for the Equity Shares of the Company and the prices of the Equity Shares may fluctuate. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the prices at which the Equity Shares are sold in this Issue will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

8. An economic down turn may negatively impair Company's operating results.
9. Failure to comply with environmental laws and regulations could result in litigation and company's business may be adversely affected. It may incur substantial expense in complying with environmental laws and regulations. Also, currently unknown environmental problems or conditions may be discovered. The company is subject to significant national and state environmental laws and regulations, which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from its operations. Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future.

Management Perception:

Issuer's prospective/existing foreign customers technically audit its facilities before entering into long-term commitments. The inspection includes conferring that the company follows the safety, health and environment policies not only as laid down by the Indian authorities but also adheres to the international standards. The company has been granted NOC by GPCB and MPCB for the existing facilities.

10. Increasing employee compensation in India may prevent the company from maintaining its competitive advantage and may reduce its profit margins. Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparable skilled professionals, which has been one of its competitive strengths. However, compensation increases in India may erode some of this competitive advantage and may negatively affect the profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to scientists and engineers, managers and other mid-level professionals. The company may need to continue to increase the levels of its employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on the business, results of operation and financial condition.

Management Perception:

Employee compensation in India has been significantly lower than that in the US or Europe for comparably skilled professionals. Further, the geographical mobility of chemists and scientists



to USA and Europe, in the pharmaceuticals industry is low and hence the wage structure in India is not connected with that in the US or Europe.

11. Political instability in India, Africa, South East Asia, Europe and other countries where company's customers are based, can adversely affect the Company's business.

NOTES

1. The net worth of the Company before the issue is Rs.1912.96 Lacs as on 30th September 2004 and the size of the issue is Rs. 1300.00 Lacs at the minimum issue price of Rs. 20 and Rs. 1430.00 Lacs at the maximum issue price of Rs. 22
2. The cost per share to the promoters is Rs0.11/- per share and the book value per share is Rs. 25.98 as on 31st March 2004 and Rs.28.65 as on 30th September 2004.
3. The promoters/directors/key managerial personnel of the company are interested in the company to the extent of reimbursement of expenses incurred, normal remuneration or benefits, sitting fees and their respective shareholding in the company (Please refer 'Interest of Promoters / Directors' discussed elsewhere in the Prospectus)
4. The investors are advised to refer to the para on "Basis of Issue Price" before making any investment in the issue.
5. Please read this Prospectus and the instructions contained herein before taking any action.
6. Investors may please note that in the event of over subscription allotment shall be made on a proportionate basis in consultation with the Stock Exchange Mumbai, the Designated Stock Exchange.
7. Since inception the company has issued 55,65,000 equity shares by capitalisation of reserves as bonus shares.
8. The details of the related party transactions for the last three years are as under:

Description & Name of Related Parties with respect to below transactions	
Description	Name
Subsidiaries	The company has no subsidiaries
Associate Companies/ Firms	1. Mangalam Laboratories Pvt. Ltd. 2. Mangalam Organics Pvt. Ltd. 3. Shree Rasbihari Trading & Investments Pvt. Ltd. 4. Shree Kishoriju Trading and Investments Pvt. Ltd. 5. IMP Power Ltd. 6. IMP Finance Ltd. 7. M/s Dhoot Enterprises 8. M/s Shree Tiles 9. M/s Kishor Saw Mills
Directors	1. Mr. Govardhan M. Dhoot 2. Mr. Ashok R. Boob 3. Mr. Subhash C. Khattar 4. Mr. Rajendraprasad K. Mimani
Relative of Directors	1. Mrs. Asha A. Boob 2. Mrs. Chandrakanta Dhoot 3. Mrs. Neelima Boob 4. Govardhan M. Dhoot (HUF) 5. Mrs. Jyoti B. Dhoot 6. Mrs. Rekha G. Dhoot 7. Mrs. Rajkamal Sukhani 8. Krishna R. Boob (HUF) 9. Ashok R. Boob (HUF) 10. Mr.Krishna R.Boob 11. Mr.Brijmohan M.Dhoot



Related Party Transactions for the half year ended on as on 30th September, 2004 (Amount in Rs. Lacs)			
Nature of Transaction	Associates	Directors	Relatives of Directors
Investments @	-	-	-
Sundry Debtors @	-	-	-
Loans and Advances@	12.00	-	-
Loans Given	-	-	-
Loans returned	-	-	-
Share Application Money	-	-	-
Refund of Share Application	-	-	-
Sales & Services Income	-	-	-
Purchase of goods & services	-	-	-
Recovery of Common Expenses	-	-	-
Rent Paid	-	-	-
Managerial Remuneration	-	7.80	-

Related Party Transactions for the year ended on as on 31 st March, 2004 (Amount in Rs. Lacs)			
Nature of Transaction	Associates	Directors	Relatives of Directors
Investments @	-	-	-
Sundry Debtors @	-	-	-
Loans and Advances@	189.99	-	-
Loans Given	-	-	-
Loans returned	-	-	-
Share Application Money	-	-	-
Refund of Share Application	-	-	-
Sales & Services Income	-	-	-
Purchase of goods & services	-	-	-
Recovery of Common Expenses	-	-	-
Rent Paid	-	-	-
Managerial Remuneration	-	19.20	-



Related Party Transactions for the year ended on as on 31 st March, 2003			(Amount in Rs. Lacs)
Nature of Transaction	Associates	Directors	Relatives of Directors
Investments @	-	-	-
Sundry Debtors @	-	-	-
Loans and Advances@	40.27	-	-
Loans Given	-	-	-
Loans returned	-	-	-
Share Application Money	-	-	-
Refund of Share Application	-	-	-
Sales & Services Income	-	-	-
Purchase of goods & services	-	-	-
Recovery of Common Expenses	-	-	-
Rent Paid	-	-	-
Managerial Remuneration	-	20.40	-

Related Party Transactions for the year ended on as on 31 st March, 2002			(Amount in Rs. Lacs)
Nature of Transaction	Associates	Directors	Relatives of Directors
Investments @	-	-	-
Sundry Debtors @	-	-	-
Loans and Advances@	52.04	-	-
Loans Given	-	-	-
Loans returned	-	-	-
Share Application Money	-	-	-
Refund of Share Application	-	-	-
Sales & Services Income	-	-	-
Purchase of goods & services	-	-	-
Recovery of Common Expenses	-	-	-
Rent Paid	-	-	-
Managerial Remuneration	-	20.40	-

@: Closing balance



PART – II

A. GENERAL INFORMATION:

Consents

Consents in writing of the Directors, Auditors, Lead Managers to the Issue, Bankers to the Company, Banker to the issue, Company Secretary and Compliance Officer and Registrars to the Issue to act in their respective capacities have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Maharashtra at Mumbai as required under Section 60 of the Act, and none of them have withdrawn the said consents up to the time of delivery of a copy of this Prospectus for Registration with the said Registrar of Companies, Maharashtra at Mumbai.

M/s Milwani Associates, Chartered Accountants, Auditors of the Company have also given their consent to the inclusion of their report as appearing hereinafter in the form and context in which appears in this Prospectus and also of the tax benefits accruing to the Company and to the members of the Company and such consent and report have not been withdrawn up to the time of delivery of this Prospectus for registration with the Registrar of Companies, Maharashtra.

Expert Opinion

Except for the various tax benefits available to the Company and its members as expressed by the Auditors of the Company and given elsewhere in the Prospectus, the Company has not obtained any other expert opinion.

Changes in the Board of Directors During the Last Three Years:

Name	Date of Appointment	Date of Resignation	Reason
Mr. Ramnivas R. Dhoot	27/11/1997	01/12/2003	Ceased to be Director on resignation
Mr. Ajay R. Dhoot	27/11/1997	01/12/2003	Ceased to be Director on resignation
Mr. Aditya R. Dhoot	01/04/2000	01/12/2003	Ceased to be Whole Time Director on resignation, but continues as a whole time employee
Mrs. Rajkumari R. Dhoot	01/12/2003	17/03/2004	Ceased to be Director on resignation
Mr. Rambhakt R. Malani	04/06/2004	-	Appointed as Additional Director
Mr. Subhash C. Khattar	04/06/2004	-	Appointed as Additional Director
Mr. Govardhan M. Dhoot	-	01/06/2004	Ceased to be Whole Time Director on resignation but continues as a Director on the Board
Mr. Krishna R. Boob	01.04.2000	1.11.2004	Ceased to be Director on resignation
Mr. Brijmohan M. Dhoot	01.04.2000	1.11.2004	Ceased to be Director on resignation
Mr. Rambhakt .R. Malani	04.06.2004	1.11.2004	Ceased to be Director on resignation
Mr. Rajendraprasad .K. Mimani	1.11.2004	-	Appointed as Additional Director
Mr. Govardhan M. Dhoot	1.11.2004	-	Appointed as Whole-time Director .

Changes in Auditors during the Last Three Years and Reasons Thereof

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

Authority for the Issue

Pursuant to Section 81(1A) of the Companies Act, 1956, the present offer of equity shares has been authorized vide Special Resolution passed at the Annual General Meeting held on 12th July, 2004.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY:

No receipt will be issued for application money. However the Bankers to the Issue receiving the applications will acknowledge the receipt of the application by stamping and returning the detach side acknowledgement slip appended to each application forms



Procedure for Allotment

- a) The subscription received against the public issue will be kept in separate bank accounts and the Company will not have access to such funds unless they have received an approval from the Designated Stock Exchange for allotment. No utilisation shall be made till listing approval is available from each of the exchanges where listing has been proposed.
- b) The Board reserves, at its sole, absolute and uncontrolled discretion and without assigning any reason therefore, the right to accept or reject any application in whole or in part. If any application is rejected in full, the whole of the application money received will be refunded to the applicant. If an application is accepted in part, the excess application money received, if any, will be refunded to the applicant in terms of Section 73 of the Act (within 30 days from the date of closure of the subscription list).
- c) Despatch of refund orders and demat credit would be completed and listing documents shall be submitted to the stock exchanges within 2 working days of the finalization of the basis of allotment. Formalities pertaining to the listing and trading of securities offered through this prospectus shall be completed at the stock exchanges where they are proposed to be listed, within 7 working days from the date of finalization of the basis of allotment. The Company shall ensure that "at par" arrangement is provided for the encashment facility on all refund orders.

Interest on Excess Application Money

Payment of interest at the rate up to 15% p.a. on the excess application money will be made to the applicants for the delay period beyond 30 days from the date of closure of the subscription list as per the guidelines issued by the Ministry of Finance vide their No.F-8/6/SE/79 dated 21st July, 1983, and as amended by letter No.F/14/2/SE/85 dated 27th September, 1985 addressed to the stock exchanges.

Basis of Allotment:

In the event of the public issue being oversubscribed, the allotment will be done on a proportionate basis, subject to market lots as explained below:

- a. A minimum 50% of the net issue to the Indian public will be made available for allotment in favour of those retail applicants who have applied for equity shares of or for a value not more than Rs. 50,000/-. This percentage may be increased in consultation with BSE (Designated SE) depending on the extent of response to the Issue from investors in this category. In case allotments are made to a lesser extent than 50% because of lower subscription in the above category, the balance equity shares would be added to the higher category and allotment made on a proportionate basis as per relevant SEBI guidelines.

The Executive Director/Managing Director of the Stock Exchange, Mumbai along with the Lead Manager and the Registrars to the Issue shall be responsible in ensuring that the basis of allotment is finalised in a fair and proper manner in accordance with the guidelines.

- b. The balance of Net Issue to the Indian public shall be made available to investors including corporate bodies/institutions and individual applicants who have applied for equity shares for a value more than Rs. 50,000/-.
- c. The unsubscribed portion of the net issue to any of the categories specified in (a) or (b) shall be made available for allotment to applicants in the other category, if so required.
- d. Applicants will be categorized according to the number of equity shares applied for.
- e. The total number of equity shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, i.e., the total number of shares applied for in that category (number of applications in the category multiplied by the number of equity shares applied for) multiplied by the inverse of the over subscription ratio. (subject to allotment being equal to the minimum application size)
- f. Number of equity shares to be allotted to the successful allottees will be arrived at on a proportionate basis, i.e., total number of equity shares applied for by each applicant in that category multiplied by the inverse of the over-subscription ratio.
- g. In all the applications where the proportionate allotment works out to less than 250 equity shares per applicant, the allotment shall be made as follows:



- i. Each successful applicant shall be allotted a minimum of 250 equity shares, and
- ii. The successful applicants out of the total applicants of that category shall be determined by drawal of lots in such a manner that the total number of equity shares allotted in that category is equal to the number of equity shares worked out as per (e) above.
- l. If the proportionate allotment to an applicant works out to a number that is more than 250, but is a fraction then for a fraction equal to or higher than 0.50 shall be rounded off to the next integer. If that fraction is lower than 0.50, the fraction shall be ignored. All applicants in such categories shall be allotted shares arrived at after such rounding off.
- m. The drawal of lots (wherever necessary) to finalise the basis of allotment shall be done in the presence of a public representative on the Governing Board of the designated stock exchange. The basis of allotment shall be signed as correct by the Executive Director/Managing Director of the designated stock exchange and the public representative (wherever applicable) in addition to the Lead Manager, Registrar to the Issue and the Company.
- n. If the equity shares allocated on a proportionate basis to any category is more than the equity shares allotted to the applicants in the category, the balance available equity shares for allotment shall be first adjusted against any other category where the allotted equity shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance equity shares if any, remaining after such adjustment will be added to the category comprising of applicants applying for minimum number of equity shares.
- o. In the event of over-subscription, in the process of rounding-off to ensure allotment in minimum application size, the Company may make such adjustments in the basis of allotment as may be necessary, in consultation with SEBI/stock exchanges. As the basis of allotment is on proportionate basis, in the process of rounding off to the nearest multiple of 250, the issue size may increase by a maximum of 10% of the net offer to Indian Public.

Note: The term “Retail Investor” means an investor who applied for securities of or for value of not more than Rs.50,000/-

Denomination of Share:

The Equity shares will be issued in market lots of 1(one) Equity share of face value of Rs.10/- each.

Allotment/Refund Orders

Allotment Letter(s) and/or Letter(s) of Regret, as the case may be, together with refund cheques/pay order, shall be dispatched by registered post (refund cheques/pay order of value up to Rs. 1500/- by ordinary post under postal certificate) at the sole/first named applicant address within 30 days from the date of closing of the subscription list. If such money is not repaid from the day the Company becomes liable to pay, the Company and every Director of the Company who is an officer in default shall be jointly and severally liable to repay that money with interest @ 15% per annum. In case of joint applications, Refund orders, if any, will be made out in the first applicant's name and all communication will be addressed to the person whose name appears on the application form.

The Company, as far as possible, will allot the equity shares within 30 days from closure of the subscription list and pay interest at the rate of 15% p.a. if the allotment is not made and the refund orders are not dispatched to the investors within 30 days from closure of the issue period for delay beyond 30 days. However, applications received after the closure of issue in fulfilment of underwriting obligations to meet the minimum subscription requirement shall not be entitled for the said interest. The Company will also make available adequate funds to the Registrars to the Issue for the purpose of dispatch of allotment letters/share certificates/refund orders as stated above.

Adequate funds for the above purpose will be made available to the Registrar to the Issue to ensure despatch of refund orders, allotment letters and share certificates by Registered Post /Certificate Of Posting.

Refunds will be made by cheques or pay orders drawn on the bank(s) appointed by the Company as refund banker. Such instruments will be payable at par at the places where applications are



accepted. Bank charges, if any, for encashing such cheques or pay orders will be payable by the applicant

Interest on Excess Application Money

Payment of interest at the rate up to 15% p.a. on the excess application money will be made to the applicants for the delay period beyond 30 days from the date of closure of the subscription list as per the guidelines issued by the Ministry of Finance vide their No.F-8/6/SE/79 dated 21st July, 1983, and as amended by letter No.F/14/2/SE/85 dated 27th September, 1985 addressed to the stock exchanges.

Application of Section 269 SS of the Income Tax Act, 1961

In respect of the provisions of Section 269SS of the Income Tax Act, 1961, the subscription against the equity shares should be effected only by an account payee cheques or an account payee draft/stock invest, if the amount payable is Rs. 20,000/- or more. In case the payment is made in contravention of this provision, the application money will be refunded and no interest will be paid.

INVESTOR'S GRIEVANCE REDRESSAL MECHANISM

Redressal Mechanism:

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, Intime Spectrum Registry will handle investors grievances pertaining to the issue. A fortnightly status report of the complaints received and redressed by them would be forwarded to the company. A company would also be co-ordinating with two registrar to the issue 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:

Sr.No.	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 public issue	Within 7 days of receipt of complaint with all relevant details

The company has appointed Ms.Gauri Balankhe 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 preissue/post issue related problems. The Compliance Officer would be available at the Registered Office of the Company.

REGISTERED & CORPORATE OFFICE

MANGALAM DRUGS AND ORGANICS LIMITED

292, Princess Street,
2nd Floor, Near Flyover,
Mumbai – 400 002

LEAD MANAGERS TO THE ISSUE

KHANDWALA SECURITIES LIMITED

(SEBI Regd. No.: INM000001899)
Vikas Building, Ground Floor,
Green Street, Fort
Mumbai – 400023
Tel: 91-22-2264 2300
Fax: 91-22-2261 5172
E-mail: ibg@kslindia.com



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

(SEBI Registration No. INR 00003761)

C-13, Pannalal Silk Mills Compound, LBS Marg,
Bhandup (West), Mumbai – 400 078

Tel: +91-22-5555 5491-4

Fax: +91-22- 5555 5499

E-mail: mangalam@intimespectrum.com

AUDITORS OF THE COMPANY**M/s Milwani Associates**

Chartered Accountants

Bagaria House, 3rd Floor,

Kolbhat Lane, Mumbai – 400 002

BANKERS TO THE COMPANY**The United Western Bank Limited**

Fort Branch,

Mumbai - 400 001.

State Bank of India

Commercial Branch,

Mumbai – 400 023.

The Saraswat Co-op. Bank Limited

CST Branch, A. K. Nayak Marg

Mumbai - 400 001.

BANKERS TO THE ISSUE**IDBI Bank Limited**

Mittal Towers, "C" Wing

Ground Floor

Nariman Point

Mumbai – 400021

Registration No INBI 00000076

CREDIT RATING/DEBENTURE TRUSTEE

This being an equity issue, no appointment of credit rating agency or debenture trustee is required

UNDERWRITERS TO THE ISSUE

The Issuer is not proposing for the underwriting of the Issue.

COMPLIANCE OFFICER/COMPANY SECRETARY**Ms. Gauri Balankhe**

292, Princess Street,

2nd Floor, Near Flyover,

Mumbai – 400 002

Tel: 022-2208 7969/ 7411

Fax: 022-2208 7074

E-mail: mangalam_drugs@vsnl.com

Investors may note that in case of any pre-offer/post offer related problems such as non-receipt of letters of allotment/share certificates/refund orders etc., they should contact the Compliance Officer.

BROKERS TO THE ISSUE

All the members of the recognised stock exchanges would be eligible to act as Brokers to the Issue.



B. FINANCIAL INFORMATION**Restated Financial Statement as per Indian GAAP**

To:

**The Board of Directors
Mangalam Drugs And Organics Limited
292, Princess Street, Second Floor
Mumbai – 400 002**

**Re: Initial Public Offering of Mangalam Drugs And Organics Limited
- Auditors' Report as required by Part II of Schedule II to the Companies Act, 1956**

Dear Sirs,

We have examined the financial information of Mangalam Drugs And Organics Limited ("the Company") annexed to this report which have been prepared in accordance with the requirements of:

- Paragraph B (1) of Part II of Schedule II to the Companies Act, 1956 ("the Act");
- The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ("the Guidelines") issued by the Securities and Exchange Board of India ("SEBI") on January 19, 2000 in pursuance of Section 11 of Securities and Exchange Board of India Act, 1992; and
- The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Offer document of the Company in connection with the proposed Initial Public Offer ("IPO").

Financial information as per audited financial statements

1. We have examined the attached restated summary statement of assets and liabilities of the Company as at March 31, 2004, 2003, 2002, 2001, 2000 and half year ended September 30, 2004 and the attached restated summary statement of profit and loss for each of the years ended on those dates ("summary statements") (see **Annexure I and II**) as prepared by the Company and approved by the Board of Directors. These profits have been arrived at after making such adjustments and regroupings as in our opinion appropriate. These summary statements have been extracted from the financial statements for these years audited by us and have been adopted by the Board of Directors/ members for the respective years. Based on our examination of these summary statements we confirm that:
 - a. The impact of changes in accounting policies adopted by the Company as at and for the year ended March 31, 2004 and half year ended September 30, 2004 have been adjusted with retrospective effect in the attached summary statements;
 - b. The prior period items have been adjusted in the summary statements in the years to which they relate;
 - c. The extraordinary items, which need to be disclosed separately in the summary statements, are appropriately disclosed; and
 - d. There are no qualifications in the auditors' reports, which require any adjustments in the summary statements.
2. The summary of significant accounting policies adopted by the Company together with the notes pertaining to the audited financial statements for the year ended March 31, 2004 and half year ended September 30, 2004 are enclosed as Annexure **IV** to this report.



Other Financial information

3. We have examined the following unconsolidated financial information of the Company proposed to be included in the Offer Document as approved by you and annexed to this report.
 - a. Restated Statement of Cash flows is enclosed as **Annexure IV**;
 - b. Accounting ratios based on the restated profits relating to earnings per share, net asset value and return on net worth is enclosed in **Annexure V**;
 - c. Capitalization statement as at March 31, 2004 is enclosed in **Annexure VI**;
 - d. Statement of tax shelters is enclosed in **Annexure VII**;
 - e. Details of loans as appearing in **Annexure VIII** to the report; and
 - f. Details of other income as appearing in **Annexure IX** to the report.
 - g. The rates of dividends paid by the Company in respect of financial years ended March 31, 2004, 2003, 2002, 2001 and 2000 and half year ended September 30, 2004 are as shown in **Annexure X** to this report
4. In our view, the “financial information as per audited financial statements” and “other financial information” mentioned above have been prepared in accordance with Part II of Schedule II of the Act.
5. This report is intended solely for your information and for the inclusion in the Offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Place: MUMBAI
Date: 29th October, 2004

For **Milwani Associates**
Chartered Accountants

(**Rakesh K. Milwani**)
Proprietor
Membership No. 36099



ANNEXURE I
PROFIT AND LOSS ACCOUNT

(Rs. in Lacs)

Particulars	Year Ended					Half Year
	31.3.00	31.3.01	31.3.02	31.3.03	31.3.04	30-09-04
Income						
Sales and Services	6321.07	6412.15	6829.22	7698.23	8036.30	4445.63
Other Income	32.28	19.24	24.23	38.67	39.03	17.64
Increase/(Decrease) in Stocks	(227.99)	185.26	(104.04)	4.09	(109.66)	137.33
Total Income	6125.36	6616.65	6749.41	7740.99	7965.67	4600.60
Expenditure						
Cost Of Material Consumed	4016.91	4458.10	4661.20	5599.02	5880.07	3506.92
Manufacturing Expenses	523.96	603.11	603.73	599.20	598.22	301.60
Excise Duty	355.80	397.86	400.25	436.06	407.30	218.72
Expenses on Employees	169.19	173.55	181.05	176.66	176.42	85.73
Administrative Expenses	354.84	286.59	189.31	171.99	156.61	92.62
Selling Expenses	232.04	196.09	218.62	250.29	205.48	63.94
Total Expenditure	5652.74	6115.30	6254.16	7233.22	7424.10	4269.53
Profit/(Loss) EBITDA	472.62	501.35	495.25	507.77	541.56	331.07
Interest & Financial Charges	236.59	249.92	224.43	224.45	192.43	91.43
Preliminary Expenses Written Off	0.00	0.00	0.00	0.00	0.00	0.00
Profit/(Loss) before Depreciation & Tax	236.03	251.43	270.82	283.32	349.15	239.64
Depreciation	80.38	85.83	90.25	92.92	93.79	61.42
Profit/(Loss) before Tax	155.64	165.60	180.57	190.40	255.35	178.22
Current Tax	18.00	17.00	47.00	52.00	49.00	0.00
Deferred Tax	0.00	0.00	0.00	2.81	19.92	0.00
Prior Period Adjustments	0.00	0.00	0.00	0.00	4.63	0.00
Net Profit/(Loss)	137.64	148.60	133.57	135.59	191.07	178.22
Profit/(Loss) of Investments in Associates	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-
Adjusted Profit/(Loss)						
Proposed Dividend	11.13	11.13	5.57	5.57	6.68	0.00
Tax on Proposed Dividend	1.22	1.13	0.00	0.71	0.86	0.00
Transfer to General Reserve	120.00	150.00	125.00	100.00	200.00	0.00
Balance of Profit B/fd	13.88	19.17	5.51	8.51	37.82	21.35
Balance Transferred to Balance Sheet	19.17	5.51	8.51	37.82	21.35	199.57



ANNEXURE II
STATEMENT OF ASSETS AND LIABILITIES

(Rs in Lacs)

PARTICULARS	AS AT					
	31.3.00	31.3.01	31.3.02	31.3.03	31.3.04	30-09-04
FIXED ASSETS						
Gross Block	1785.57	1906.89	1963.85	2070.08	2533.21	2769.46
Less: Depreciation	439.03	522.57	610.75	697.78	780.69	842.12
Net Block (A)	1346.54	1384.32	1353.10	1372.30	1752.52	1927.34
INVESTMENTS (B)	17.93	19.02	19.27	29.76	18.92	18.90
Quoted	17.87	17.87	17.87	28.25	17.01	17.01
Unquoted	0.06	1.15	1.40	1.51	1.91	1.89
CURRENT ASSETS						
LOANS						
AND ADVANCES						
Inventories	863.33	1094.27	1021.17	1058.42	879.31	1023.63
Sundry Debtors	1386.23	1732.25	1223.43	1942.59	1964.32	1900.80
Cash and bank Balances	142.17	178.01	52.10	35.59	72.64	83.86
Loans and Advances	401.65	187.45	170.82	146.01	101.26	95.61
Total (C)	2793.38	3191.98	2467.52	3182.61	3017.53	3103.90
LIABILITIES AND PROVISIONS						
Creditors	967.95	981.61	475.92	586.85	529.30	386.53
Proposed Dividend	11.13	11.13	5.57	5.57	6.68	-
Total (D)	979.08	992.74	481.49	592.42	535.98	386.53
Net Current Assets	1814.30	2199.24	1986.03	2590.19	2481.55	2717.37
NET TANGIBLE ASSETS (A+B+C-D)	3178.77	3602.58	3358.40	3992.25	4252.99	4778.92
REPRESENTED BY:						
Share Capital	111.30	111.30	111.30	222.60	667.80	667.80
Reserves and Surplus	1023.54	1159.87	1287.88	1308.70	1066.95	1245.16
Less: Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
Less: Intangibles	0.00	0.00	0.00	0.00	0.00	0.00
Reserves (Net of Revaluation	0.00	0.00	0.00	0.00	0.00	0.00
Reserves & Intangibles)	0.00	0.00	0.00	0.00	0.00	0.00
Total	1134.84	1271.17	1399.18	1531.30	1734.75	1912.96
Loan Funds						
Secured Loans	1548.14	1658.81	1650.08	2095.62	1953.75	2186.51
Unsecured Loans	495.80	672.59	309.14	365.33	564.49	564.13
Total	2043.94	2331.40	1959.22	2460.95	2518.24	2750.64
Total	3178.77	3602.57	3358.40	3992.25	4252.99	4663.60

Note:

Deferred tax liability is considered as a part of Reserves and Surplus.



ANNEXURE III

SCHEDULE 19

NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED ON 31ST MARCH, 2004 AND HALF YEAR ENDED 30TH SEPTEMBER, 2004

ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES:

a) BASIS OF ACCOUNTING

- 1) The Books of Account are prepared under the Historical cost convention method using the accrual method of Accounting, In accordance with the generally accepted accounting principle and provisions of Companies Act, 1956 as adopted consistently by the Company.
- 2) Excise and Custom duty is accounted for at the time of clearance of the goods.
- 3) Contingent Liabilities are disclosed by way of notes to accounts.

b) REVENUE RECOGNITION: -

- (i) Sale of goods is recognised on dispatch to customers. Amount of sale includes central excise duty, sales tax and other incidental expenses. Purchases are accounted on the basis of goods dispatched to the company by its suppliers. Purchases include central excise, sales tax and also custom duty, clearing and forwarding charges and bank charges in case of imports. Consumption is also inclusive of interdivisional transfers and sale of raw materials.
- (ii) Dividends are accounted on receipt basis.
- (iii) Income from services rendered is accounted for when the work is performed.

c) FIXED ASSETS

Fixed Assets are stated at cost of acquisition or construction net of CENVAT and are inclusive of freight, duties and taxes and incidental expenses. Net Block of Fixed Assets is, Fixed Assets net of depreciation.

d) METHOD OF DEPRECIATION

The company is charging depreciation on Straight Line Method at the rates and in the manner specifies in the Schedule XIV of the Companies Act, 1956.

e) INVESTMENTS

Investments are stated at cost.

f) INVENTORIES

- i) Raw Materials are valued at Cost net of CENVAT
- ii) Stock in process is valued at cost determined by taking in to material cost, labour charges and other direct expenses.
- iii) Finish goods are valued at cost or realizable market value whichever is lower.
- iv) Packing materials is valued at the cost net of CENVAT.

g) FOREIGN CURRENCY TRANSACTIONS

- a. In respect of Export of goods, the transaction in foreign currency is recorded in rupees of the amount realised on such export sale proceeds. However in respect of export sale proceeds those of which are outstanding on the last date of the year the same are accounted at foreign exchange rate prevailing on that date. The differences of export proceeds received in respect of outstanding export of earlier year are transferred to sales.
- b. In respect of Import of goods the transaction in foreign currency amount is recorded in rupees of the amount paid on such imports. However in respect of import purchases payable on last date of the year the same are accounted at foreign exchange rate



prevailing on that date. The difference of payments for import purchase of earlier year is transferred to purchases.

h) RETIREMENT BENEFITS

- (i) The Company makes regular monthly contribution to provident and pension fund maintained by provident fund commissioners.
- (ii) The company has taken out a policy for gratuity with L.I.C. OF INDIA. Amounts paid towards the said policy are claimed as revenue expenditure.

i) RESEARCH AND DEVELOPMENT

Revenue Expenditure on Research and Development is charged to Profit and Loss account in the year in which it is incurred.

j) TAXATION

- (iii) The current charge for Income Tax is calculated on assessable profit of the company determine under Income Tax Act, 1961.
- (iv) The Company accounts for taxes on income to include the effect of time difference in the tax expenses in the profit & loss account and the deferred tax assets and liabilities in the balance sheet in accordance with the Accounting Standard AS 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India, (ICAI). The company has evaluated various elements of tax computation to determine whether any deferred tax asset or liability needs to be recognised.

B. Notes to Accounts:-

1. CONTINGENT LIABILITIES:

(Amount in Rs.)

PARTICULARS	31-03-2003	31-03-2004	30.09.2004
(i) Guarantees given to suppliers	92,75,000	1,25,00,000	15,00,000
(ii) Guarantee executed in favor of Assistant Collector of Customs	1,06,07,655	69,76,904	24,00,824
(iii) Guarantee executed in favor of Assistant Collector of Central Excise	25,00,000	Nil	7,69,000

2. DIRECTORS REMUNERATION:

(Amount in Rs.)

PARTICULARS	31-03-2003	31-03-2004	30.09.2004
Salary	20,40,000	19,20,000	7,80,000

3. AUDITORS REMUNERATION

(Amount in Rs.)

PARTICULARS	31-03-2003	31-03-2004	30.09.2004
(i) For Statutory Audit	73,980	73,980	37,744
(ii) For Tax Audit	27,000	27,000	13,775

4. EXPENDITURE AND EARNINGS IN FOREIGN CURRENCY

(Rs. in Lacs)

PARTICULARS	31-03-2003	31-03-2004	30.09.2004
(i) Raw Materials	549.22	795.14	599.21
(ii) Commission on Exports	18.08	27.55	1.31
(iii) Travelling Expenses	5.62	5.93	7.89
(iv) Interest on foreign currency loan	17.46	-	25.18
(v) Earning in foreign currency on export of goods on CIF basis	1130.57	1003.14	545.23



5. CONSUMPTION OF RAW MATERIAL

(As on 31-03-2004)

PARTICULARS	%	VALUE (RS. IN LACS)
(i) Imported	11	646.59
	(15)	(829.06)
(ii) Indigenous	89	5233.48
	(85)	(4769.96)

(As on 30-09-2004)

PARTICULARS	%	VALUE (RS. IN LACS)
(i) Imported	19	659.72
	(11)	(646.59)
(ii) Indigenous	81	2847.20
	(89)	(5233.48)

Figures in the brackets relate to year ended 31.3.2004

Taking into consideration, the process formula and composition/promotion of raw material, quantitative details regarding raw material consumption are not given, as in view of the management, the same will be prejudicial to the interest of the Company.

6. CAPACITIES AND PRODUCTION (As Certified by Management)

(As on 31-03-2004)

Description of products	Licensed Capacity	Installed Capacity (Tons)	Production (Tons)
Basic Drugs / Bulk Drugs	N.A. (N.A.)	600 (350)	548.05 (339.73)
Dyes & Intermediates	N.A. (N.A.)	750 (750)	540.97 (486.84)
Aluminium Chloride	N.A. (N.A.)	3350 (3350)	2051.08 (2991.23)
Phenyl Ethyl Alcohol, Phenyl Ethyl Methyl, Ether & Allied Products	N.A. (N.A.)	350 (350)	194.08 (284.23)
Meta Chloro Aniline & Allied Products	N.A. (N.A.)	250 (250)	136.98 (135.91)

(As on 30-09-2004)

Description of products	Licensed Capacity (Per Annum)	Installed Capacity (Tons) (Per Annum)	Production (Tons)(upto 30 th Sept .2004)
Basic Drugs / Bulk Drugs	N.A. (N.A.)	600 (600)	271.49 (548.05)
Dyes & Intermediates	N.A. (N.A.)	750 (750)	338.34 (540.97)
Aluminium Chloride	N.A. (N.A.)	3350 (3350)	417.35 (2051.08)
Phenyl Ethyl Alcohol, Phenyl Ethyl Methyl, Ether & Allied Products	N.A. (N.A.)	350 (350)	139.73 (194.08)
Meta Chloro Aniline & Allied Products	N.A. (N.A.)	250 (250)	24.43 (136.98)

Figures in the brackets relate to year-ended 31.3.2004



7. SALES AND STOCKS INCLUDING TRADING SALES (QTY. IN TONS AND VALUE IN LACS)

(As on 31-03-2004)

Particulars	Opening Stock		Sales		Closing Stock	
	QTY	VALUE	QTY	VALUE	QTY	VALUE
1.Basic Drugs / Bulk Drugs	21.86 (27.99)	138.59 (215.40)	540.93 (345.86)	3736.87 (2204.27)	28.98 (21.86)	163.67 (138.59)
2.Dyes, Chemicals, Intermediates & Allied Products	31.26 (27.76)	47.27 (61.91)	558.69 (483.34)	2874.23 (3500.97)	13.54 (31.26)	15.60 (47.27)
3.Aluminium Chloride	53.23 (67.33)	21.23 (22.86)	2096.51 (3005.33)	822.70 (1188.66)	7.80 (53.23)	2.88 (21.23)
4. Phenyl Ethyl Alcohol, Phenyl Ethyl Methyl, Ether & Allied Products	12.59 (3.10)	34.50 (8.03)	202.26 (274.74)	466.36 (664.03)	4.41 (12.59)	11.80 (34.50)
5.Meta Chloro Aniline	- -	1.43 (12.18)	136.98 (135.91)	136.14 (140.29)	- -	0.87 (1.48)

(As on 30-09-2004)

Particulars	Opening Stock		Sales		Closing Stock	
	QTY	VALUE	QTY	VALUE	QTY	VALUE
1.Basic Drugs / Bulk Drugs	28.98 (21.86)	163.67 (138.59)	249.22 (540.93)	2286.02 (3736.87)	51.25 (28.98)	267.25 (163.67)
2.Dyes, Chemicals, Intermediates & Allied Products	13.54 (31.26)	15.60 (47.91)	320.01 (558.69)	1616.20 (2874.23)	31.87 (13.54)	21.32 (15.60)
3.Aluminium Chloride	7.80 (53.23)	2.88 (21.23)	417.11 (2096.51)	160.98 (822.70)	8.04 (7.80)	3.28 (2.88)
4. Phenyl Ethyl Alcohol, Phenyl Ethyl Methyl, Ether & Allied Products	4.41 (12.59)	11.80 (34.50)	141.37 (202.26)	343.48 (466.36)	2.77 (4.41)	11.23 (11.80)
5.Meta Chloro Aniline	- -	0.87 (1.43)	21.43 (136.98)	38.95 (136.14)	3.00 -	6.36 (0.87)

*Figures in the brackets relate to year ended 31.3.2004

8. SUNDRY DEBTORS

(Rs.in lacs)

Particulars	31.3.2002	31.3.2003	31-03-2004	30-09-2004
1.Outstanding for more than six months	18.17	27.97	10.70	13.00
2.Outstanding for less than six months	1205.26	1914.62	1953.62	1888.02

Details of amount due to small scale Industrial Undertakings

As regarding amount due to small scale Industries, sum cannot be established. Since the relevant details are not available to the Company.

The Balance in the accounts of Debtors and Creditors are as appearing in the books of accounts and subject to confirmation

9. SECURED LOANS

- Term loan from Industrial Development Bank Ltd. Of India, State Bank of India, The Saraswat Co-Operative Bank Ltd. And The United Western Bank Limited are secured by the way of;



- a) First Pari Passu charge on all the immovable and movable assets present and future of the company situated at Vapi.
- b) Second Pari Passu charge on all the immovable and movable assets present and future of the company situated at Sangamner.
- ii) Cash Credit from the Saraswat Co-operative Bank Ltd., The United Western Bank Ltd. and State Bank of India is secured by
 - a) hypothecation of Raw material, finished Goods and semi finished goods, and book debts –
 - b) First Pari Passu charge on all the immovable and movable assets present and future of the company situated at Sangamner.
 - c) Second charge on the immovable & movable assets present & future of the company situated at Vapi.
10. In the opinion of the Directors Current Assets, Loans and Advances, if realised in ordinary course of the business have on realisation at least the value at which they are stated in the Balance Sheet.
11. Number of employees in respect of remuneration of Rs. 24,00,000/-P. A. or more if employed throughout the financial year (or Rs. 2,00,000/- if employed for the part of the period) is nil.
12. Secured Loans include Rs. 2,26,68,000/- repayable within one year.
13. As regarding amount due to small scale Industries, sum cannot be established. Since the relevant details are not available to the Company.
14. Previous year figures have been regrouped/restated wherever necessary to confirm with this periods classification.

15. Segment Information (AS ON 31-03-2004)

A. Primary Segments – Business Segment

(Rs. in Lacs)

Sr. No.	PARTICULARS	BULK DRUGS	CHEMICALS & OTHERS	TOTAL
a)	Segment Revenue			
	Sales to External Customers	3736.87	4246.14	7983.01
	Inter Segment Revenue	-	53.29	53.29
	Total segment	3735.88	4300.42	8036.30
	Export Benefits	-	23.63	23.63
b)	Segment Results	623.57	264.68	888.25
	Unallocated Corporate Expenses			(362.08)
	Finance Expenses			(192.42)
	Other Income			15.40
	Depreciation			(93.80)
	Profit Before Tax			255.35

B. Secondary Segments – Geographical Segments

(Rs. in Lacs)

Sr. No.	PARTICULARS	DOMESTIC	EXPORT	TOTAL
1	Segment revenue by geographical area based on geographical location of customers (including sales, service, export incentives, etc.)	7033.16	1003.14	8036.30



Segment Information (AS ON 30-09-2004)

A. Primary Segments – Business Segment

Sr. No.	PARTICULARS	BULK DRUGS	CHEMICALS & OTHERS	TOTAL
a)	Segment Revenue			
	Sales to External Customers	2286.02	2159.61	4445.63
	Inter Segment Revenue	-	-	-
	Total segment	2286.02	2159.61	4445.63
	Export Benefits	-	11.08	11.08
b)	Segment Results	318.73	162.33	481.06
	Unallocated Corporate Expenses			(156.56)
	Finance Expenses			(91.43)
	Other Income			6.56
	Depreciation			(61.42)
	Profit Before Tax			178.21

B. Secondary Segments – Geographical Segments

Sr. No.	PARTICULARS	DOMESTIC	EXPORT	TOTAL
1	Segment revenue by geographical area based on geographical location of customers (including sales, service, export incentives, etc.	3900.40	545.23	4445.63

Certain assets of the company are used by different segments for different portion of the accounting period; hence the value of the assets cannot be allocated to the segments.

16. Earning per Share (EPS) :-

Sr. No.	Particulars	31-03-2003	31-03-2004	30-09-2004
(A)	Net Profit after Tax	135.59	191.06	178.21
(B)	Weighted average number of Equity Shares (no's)	14.24	23.23	66.78
(C)	Basic & Diluted Earning Per Share (EPS) (A/B)	9.52	8.02	*2.67
(D)	Nominal Value per Equity Share in Rupees.	10	10	10.00
(E)	Book Value Per Share	68.79	25.98	28.65

** Not Annualised*

17. The Deferred Tax Liability relating to

Particulars	31-03-2003	31-03-2004	30-09-2004
Timing difference	306.63	326.55	326.55



ANNEXURE IV

CASH FLOW STATEMENT AS PER AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31.03.2004 AND HALF YEAR ENDED 30.09.2004

(Rs. in Lacs)

PARTICULARS FOR THE YEAR	FOR THE YEAR	FOR THE YEAR	HALF YEAR
	31-03-03	31-03-04	30-09-04
1. Cash flow from operating Activities			
Net Profit before tax & extraordinary items	190.40	255.35	178.21
<u>Adjustments for</u>			
Depreciation	92.92	93.80	61.42
Loss on sale of Fixed Assets	3.48	1.59	0.00
Profit/loss on sale of investments	0.23	(1.45)	(0.38)
Dividend Income	(0.77)	(0.77)	(0.05)
Interest expenses	224.45	192.42	91.43
Operating profit before working capital changes	510.71	540.94	330.63
<u>Adjustments for</u>			
Trade & Other receivable	(708.60)	18.65	78.14
Inventories	(37.25)	179.11	(144.32)
Trade Payable	110.93	(56.44)	(149.44)
Cash generated from operations	(124.21)	682.26	115.01
Less: Taxes paid	(37.74)	(44.63)	(2.26)
Net cash flow from Operating activities (A)	(161.95)	637.63	112.75
2. Cash flow from investing activities			
Purchase of Fixed assets / Capital Expenditure	(119.98)	(472.37)	(236.25)
Sale of fixed assets	4.38	1.40	0.00
Purchase of Investments	(11.08)	(0.51)	0.00
Sale of Investments	0.37	12.50	0.38
Dividend Received	0.77	0.77	0.05
Net cash Used in Investing Activities (B)	(125.54)	(458.21)	(235.82)
3. Cash flow from financing Activities			
Long Term Loan	8.60	451.96	175.51
Repayment of Long Term Loan	(13.73)	(420.53)	(56.49)
Short Term Borrowings	506.13	24.19	113.38
Dividend Paid	(5.57)	(5.57)	(6.68)
Interest Expenses	(224.45)	(192.42)	(91.43)
Net cash paid in Financing Activities (C)	270.98	(142.37)	134.29
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(16.51)	37.05	11.22
Cash & Cash Equivalent at the beginning of the Period	52.10	35.59	72.64
Cash & cash Equivalent at the close of the period	35.59	72.64	83.86



ANNEXURE V

STATEMENT OF ACCOUNTING RATIOS

(Amount in Rs.)

Particulars	For Year Ended			For Year Ended		For Half Year Ended
	31-03-00	31-03-01	31-03-02	31-03-03	31-03-04	30-09-04
Earning Per Share (Rs.)	12.37	13.35	12.00	9.52	8.02	5.34
Net Asset Value per share (Rs)	101.96	114.21	125.71	107.53	74.67	57.27
Return on Net Worth %	12.13	11.69	9.55	8.85	10.75	9.32
Weighted average no. of equity shares outstanding during the year/period	11.13	11.13	11.13	14.24	23.23	33.40

Formula:

Earnings per share (Rs) $\frac{\text{Adjusted Profit (Loss), after tax and before extraordinary items}}{\text{Weighted average number of equity shares outstanding during the year/period}}$

Net Asset Value per share(Rs) $\frac{\text{Net Worth as at the year/period end}}{\text{Weighted average number of equity shares outstanding during the year/period}}$

Return on Net Worth (%) $\frac{\text{Adjusted Profit (Loss), after tax and before extraordinary items}}{\text{Net Worth as at the year/period end}}$

Net Worth excludes

Miscellaneous Expenditure

Deferred Revenue Expenditure

Debit balance in Profit and Loss Account

Notes:

1. 4452000 equity shares were issued as bonus on 24-03-2004
2. 1113000 equity shares were issued as bonus on 20-12-2002
3. All relevant figures for the half year ended 30-09-2004 are Annualised.



ANNEXURE VI

CAPITALISATION STATEMENT

(Amount in Rs. Lacs)

Particulars		31-03-2004	30-09-2004	Post-Issue At an issue price of Rs.20/- per share	Post-Issue At an issue price of Rs.22/- per share
Long Term Debt		635.23	743.74	743.74	743.74
Short Term Debt, payable within one year		1883.01	2006.90	2006.90	2006.90
Total Debt		2518.24	2750.64	2750.64	2750.64
Shareholders Funds					
Share Capital		667.80	667.80	1317.80	1317.80
Share Premium Account		-	-	650.00	780.00
General Reserve		719.05	719.05	719.05	719.05
Profit & Loss Account		21.35	199.56	199.56	199.56
Deferred Tax		326.55	326.55	326.55	326.55
Total Shareholders Funds		1734.75	1912.96	3212.96	3342.96
Long Term Debt/Equity		0.37:1	0.39:1	0.23:1	0.22:1
Working Notes	30.09.2004		Additions*	Pre-Issue	Pre-Issue
Shareholders Funds					
Share Capital	667.80		-	667.80	667.80
Share Premium Account	-		-	-	-
General Reserve	719.05		-	719.05	719.05
Profit & Loss Account	199.56		-	199.56	199.56
Deferred Tax	326.55		-	326.55	326.55
Total Shareholders Funds	1912.96		-	1912.96	1912.96

Note:

Post Issue calculations are made based on issue of 65,00,000 equity shares of Rs.10/- each at a premium of Rs.10/- and Rs.12/- each per share.



ANNEXURE VII

DETAILS OF PROVISION FOR TAXATION AND EFFECT OF TAX SHELTERS FOR THE YEARS 1999-2000 TO 2003-04

TAX SHELTER STATEMENT

(Amount in Rs. Lacs)

	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
Tax at Notional Rate	60.31	65.84	65.50	70.52	91.17
Adjustments:					
Export Profits	26.68	22.51	37.42	33.84	8.94
Research Expenses	-	-	-	-	-
Other Adjustments	-	-	-	-	-
Difference between Tax Depreciation and Book Depreciation	49.70	32.22	16.78	7.66	123.63
Deduction U/S 80IB	39.92	34.65	30.53	47.87	53.36
Carry over Allowances	-	-	-	-	-
Net Adjustments	116.30	89.38	84.73	89.36	185.94
Tax Saving thereon	44.78	35.35	30.25	32.06	66.70
Total taxation	15.53	30.49	35.25	38.46	24.47
Taxation on extra - Ordinary Items	-	-	-	-	-
Tax On Profits before extra-ordinary Items	15.53	30.49	35.25	38.46	24.47



ANNEXURE VIII

DETAILS OF LOANS

(Rs in Lacs)

Nature	Purpose	As At					
		31-03-00	31-03-01	31-03-02	31-03-03	31-03-04	30-09-04
Secured Loans							
IDBI	Term Loan	467.50	357.50	377.79	377.79	275.00	220.00
The Saraswat Co-op Bank Ltd.	Term Loan	-	-	105.00	87.50	56.93	35.00
United Western Bank Ltd.	Term Loan	-	-	245.00	204.23	102.06	82.48
State Bank of India	Term Loan	-	-	-	-	201.24	406.26
United Western Bank Ltd.	WCTL	606.00	-	-	584.00	640.00	-
The Saraswat Co-op Bank Ltd.	WCTL	389.70	313.00	313.00	313.00	128.00	128.00
State Bank of India	Working Capital	-	-	-	-	582.51	613.73
The Saraswat Co-op Bank Ltd.	Cash Credit	2.51	81.95	83.15	81.19	32.15	14.77
United Western Bank, Ltd. Vapi	Cash Credit	16.78	18.06	13.96	8.20	-	-
The United Western Bank Ltd.	Cash Credit	(324.24)	(113.80)	(534.56)	229.99	(64.14)	(47.42)
The United Western Bank Ltd.	Bills Discounted	77.49	112.30	53.13	12.96	-	-
The United Western Bank Ltd.	Bills Discounted Exp.	100.00	56.00	100.65	96.50	-	-
The United Western Bank Ltd.	Supply Bills Discounted	74.63	69.18	35.65	90.64	-	-
Others	Bills Discounted	2.21	-	15.00	9.60	-	-
The United Western Bank Ltd.	Foreign Exchange Currency Loan	-	699.30	740.30	-	-	1160.42
Gujarat State Finance Corporation	Term Loan	76.76	44.83	13.73	-	-	-
The Saraswat Co-op Bank Ltd.	Term Loan	48.71	17.36	-	-	-	-
Sharda Patsanstha	Hyp. Loan	10.08	3.12	-	-	-	-
The United Western Bank Ltd.	Claims Paid	-	-	22.10	-	-	-
The Saraswat Co-op Bank Ltd.	Claims Paid	-	-	66.18	-	-	-
Total		1548.14	1658.81	1650.08	2095.62	1953.75	2613.24



Unsecured Loans	31-03-00	31-03-01	31-03-02	31-03-03	31-03-04	30-09-04	Rate of Interest	Terms of repayment
Mangalam Organics Pvt. Ltd.	3.79	7.66	7.70	299.97	489.96	501.96	-	On Demand
Kotak Mahindra Primus Ltd.	11.19	7.66	4.09	14.39	9.27	7.38	12.56	48 mths installment (Hire purchase)
Sangamner Audyogik Vasahat Loan	0.88	0.79	0.79	0.62	0.52	0.53	-	Under Specific Scheme Valid upto 2009
Shri. Ajaykumar Gordhandas (HUF)	-	5.00	5.00	5.00	5.00	-	17.50	4 yrs
V. D. Maheshwari	-	3.00	3.00	3.00	3.00	-	17.50	4 yrs
Industrial Credit & Investment Corporation Ltd.	-	6.28	4.17	1.77	11.41	10.43	6.31	36 mths installments (Hire Purchase)
Sales Tax Deferred Loan	20.75	21.84	31.98	40.58	45.33	43.83	-	Valid upto 31.03.2007
Mangalam Dyes and Intermediates (P) Ltd.	450.61	200.00	245.00	-	-	-	-	On Demand
Shri. S. C. Kabra	0.21	0.24	0.26	-	-	-	12.00	On Demand
Smt. R. S. Sukhani	0.51	-	-	-	-	-	12.00	On Demand
Smt. Sandhya Lahoti	0.75	-	-	-	-	-	12.00	On Demand
Shri. Sitaram Khatod	0.10	0.11	0.12	-	-	-	12.00	On Demand
Neelam Fabricator	6.48	420.00	-	-	-	-	-	On Demand
Raj Exports Pvt. Ltd.	0.01	0.01	0.01	-	-	-	-	On Demand
Kotak Mahindra Finance Ltd.	0.51	-	-	-	-	-	12.00	48 mths installment (Hire purchase)
Shri. Govardhan M. Dhoot	-	-	7.00	-	-	-	12.00	On Demand
Total	495.80	672.59	309.14	365.33	564.49	564.13		



ANNEXURE IX

DETAILS OF OTHER INCOME

(Amount in Rs. Lacs)

Particulars	Year Ended						Nature	Business Activity
	31-03-00	31-03-01	31-03-02	31-03-03	31-03-04	30-09-04		
Duty Drawback	1.92	-	10.72	19.36	20.74	11.08	Recurring	Normal
Excise Duty Drawback	17.93	6.68	6.02	5.44	2.88	-	Recurring	Normal
Sales Tax Set Off	6.13	9.89	4.19	11.65	10	5.20	Recurring	Normal
Sundry Balance Written Off	1.7	0.56	-	-	1.98	0.49	Recurring	Normal
Dividend Received	2.68	0.11	1.33	0.77	0.77	-	Recurring	Normal
House Rent Received	1.93	2.01	1.97	1.45	1.2	0.48	Recurring	Normal
Profit on sale of investment	-	-	-	-	1.46	0.39	Non Recurring	Other
Total	32.29	19.25	24.23	38.67	39.03	17.64		
Working Notes								
Particulars	Year Ended							
	31.3.00	31.3.01	31.3.02	31.3.03	31.3.04	30-09-04		
Other Income (A)	32.29	19.25	24.23	38.67	39.03	17.64		
Net Profit before tax (B)	155.64	165.6	180.57	190.4	255.35	178.21		
(A)/(B) %	20.75	11.62	13.42	20.3	15.28	9.90		

ANNEXURE X

DETAILS OF DIVIDENDS

(Amount in Rs. Lacs)

Particulars	As At					
	31-03-00	31-03-01	31-03-02	31-03-03	31-03-04	30-09-04
Paid up Share Capital	111.30	111.30	111.30	222.60	667.80	667.80
Face Value per share	10	10	10	10	10	10
Proposed Dividend	11.13	11.13	5.57	5.57	6.68	-
Corporate Dividend Tax	1.22	1.13	0.00	0.71	0.86	-
Rate of Dividend	10%	10%	5%	2.50%	1%	-



C. STATUTORY AND OTHER INFORMATION

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the issued amount on the date of closure of the issue or if the subscription level falls below 90% after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act, 1956.

Expenses of the Issue

The expenses of the Issue payable by the Company inclusive of fees payable to the Lead Managers, other advisors to the Issue, fees of legal advisors, stamp duty, printing, publication, advertising & distribution expenses, bank charges, fees payable to the Registrars to the Issue, listing fees, brokerage and other miscellaneous expenses are estimated to be approximately 9.16% at the lowest price band and 9.15% at the highest price band of the total proceeds of this Issue.

Fees Payable to the Lead Manager to the Issue

The total fees payable to the Lead Managers will be as per the Memorandum of Understanding signed with the Lead Manager, a copy of which is available for inspection at the Registered Office of the Company. The Lead Managers will be reimbursed for all relevant out-of-pocket expenses including such as cost of travel, stationery, postage and communication expenses.

Fees Payable to the Registrar to the Issue

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

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of travel, stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post.

Brokerage

Brokerage will be paid by the Company at the rate of 1.5 % on the issue price of equity shares offered to the Public on the basis of allotment made against applications bearing the stamp of the members of any recognised stock exchanges in India in the broker's column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of allotments made against applications procured by them provided the relevant forms of applications bear their respective stamps in the broker's column.

In case of tampering or over-stamping of broker's/agent's codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

Underwriting Commission

The issue is not proposed to be underwritten, hence no underwriting commission is payable.

Commission and Brokerage on Previous Issues

Except as stated elsewhere in the draft Prospectus, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the equity shares of the Company since its inception.

Previous Issue of Capital during Last Five Years

The Company has not made any public issue of equity/debentures what so ever prior to this issue. The details of issue of capital has been outlined in the paragraph on the build up of the share capital under the capital structure.

Issues other than for Cash

The Company has not issued any shares for consideration other than by cash other than by way of capitalisation of reserves.



Outstanding Redeemable Preference Shares and Debentures

The Company since its incorporation has not issued any redeemable preference shares and debentures.

Options to Subscribe

Except as otherwise stated in this Prospectus, the Company has not entered into, nor does it at present propose to enter into any contract or arrangements whereby any option or preferential right of any kind has been, or is proposed to be, given to any person to subscribe for any shares of the Company.

Purchase of Property

Except as stated in the 'Objects of the Issue' in this draft Prospectus and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the issue, there is no property which the Company has purchased or acquired or proposes to purchase or acquire which is to be paid for wholly or partly out of the proceeds of the present issue or the purchase or acquisition of which has not been completed on the date of this draft Prospectus, other than property in respect of which

- Contracts for the purchase or acquisitions were entered into in the ordinary course of business and the contracts were not entered into in contemplation of the issue nor is the issue contemplated in consequence of the contracts or
- The amount of purchase money is not material.

Except as elsewhere stated in the draft Prospectus, the Company has not purchased any property in which any of its promoters and/or directors have direct or indirect interest in any payment made thereof.

Classes of Shares

The authorized share capital of the Company is Rs. 14,00,00,000 comprising of 1,40,00,000 equity shares of Rs. 10/- each.

Interest of Promoters and Directors

All the directors may be deemed to be interested to the extent of the sitting fees and other remuneration for the services rendered and the reimbursement of expenses, if any, payable to them under the articles. The directors may also be deemed to be interested to the extent of:

- a) The shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a director/member respectively. The shares, if any, out of the present issue that may be subscribed for and allotted to them or their relatives or any company in which they are directors/members of, to firms in which they are partners.
- b) Remuneration of Wholetime Directors

(a) SALARY: (per month)

Particulars	Govardhan M. Dhoot*	Ashok R. Boob
Salary (per month)	10,000	60,000
Period Of Agreement	01/11/2004 to 01/11/2009	01/06/2004 to 01/06/2009

(b) PERQUISITIES/ALLOWANCES:

Housing

The Company shall pay the maintenance expenditure of the residence of the Wholetime Directors.

Medical Expenses

Expenses incurred for the Wholetime Directors and their families subject to a ceiling of Rs.10,000/- p.a. or actual whichever is higher.



Leave travel Concession

Company shall provide to and fro airfare to the Wholetime Directors and their families for 3,000 KM in India.

Annual Privilege Leave

On full salary for a period of thirty days and shall be entitled to accumulate such leave. Encashment of leave at the end of the tenure will not be included in the computation of the ceiling on perquisites.

Car

A chauffeur driven car for use of Company's business and telephone at residence.

Sitting Fees

They shall be paid sitting fees for attending the Meetings of the Board of Directors and/or Committee thereof.

Personal Accident Insurance

Premium not to exceed Rs.8,000/- p.a. payable by the Company on behalf of the Wholetime Directors.

The Wholetime Directors shall also be entitled to following perquisites, which shall not be included in the computation of the ceiling on remuneration specified herein:

- i) Contribution to provident fund, super annuation fund or annuity fund as per the rules of the Company to the extent there either singly or put together are not taxable under the Income Tax Act, 1961.
- ii) Gratuity payable at rate not exceeding half a month's salary for each completed year of service.
- iii) Encashment of leave at the end of the tenure.

**The Appointment of Mr. Govardhan M. Dhoot as whole time director is subject to the approval of the shareholders. The relevant form 25-C under the Companies Act, 1956 has not been filed as on date.*

Revaluation of Assets

The Company has not re-valued any of its assets since its inception.

D. MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

CALLS ON SHARES

Power to make call

19. a) Subject to the provisions of section 91 of the act, the shareholders, at a properly convened general meeting of the company may from time to time make such calls as they may think fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment there of made payable at fixed times, and the members shall pay the amount of every call so made on him to the persons and at the time and place so appointed.
- b) The option or right to calls on shares shall not be given to any person except with the sanction of the company in a General Meeting. The Company in a duly convened General Meeting, from time to time, may delegate the option or right to calls on shares to the Board of Directors.

Call to date from resolution

20. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed. The Board of Directors making a call may by resolution determine that the call shall be deemed to be made on a date subsequent to the date of the resolution; and in the absence of such a provision a call shall be deemed to have been made on the said date as that of the resolution of the Board of Directors making such calls.



Notice of calls

21. Not less than thirty days notice of any calls 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 for payment thereof.
22. If by the terms of issue of any share or otherwise, any amounts is made payable at any first time or by installments at fixed times, whether on account of the shares or by way of premium every such amount or installment shall be payable as if, it were a call duly made by the Directors, of which due notice had been given and all the provisions herein contained in respect of call shall relate and apply to such amount or installment accordingly.

Calls to carry interest

23. The provisions of these Articles as to payment of interest shall apply in the case of non-payment of any sum which by the terms of issue of a share becomes payable at a fixed time whether on account of the amount of the share or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

Judgement, Decree, Partial payment not to preclude forfeiture

24. Neither a judgement nor a decree in favour of the Company for calls or other moneys due in respect of any share, nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion, of any money which shall from time to time be due from any member in respect of any share either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such moneys shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

DEMATERIALISATION OF SECURITIES

25. Notwithstanding anything contained in these Articles, the Company shall, in accordance with the provisions of the Depositories Act, be entitled to dematerialise any or all its shares held with the Depository and/or offer the shares for subscription in a dematerialised form pursuant to the Depositories Act.

Dematerialisation / Rematerialisation of Securities

26. The Company shall be entitled to dematerialise its securities and offer fresh securities in physical or dematerialised form in terms of and in conformity with the Depositories Act and extant Regulations in force and confirming to the Bye-laws of the Depositories.

Board to Decide on Depository

27. The Board in its discretion shall decide the effective date from which depository option will be made available to the members.

Recognition of the Rights of Beneficial Owners

28. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears as the beneficial owner of the shares in the records of the Depository as the absolute owner thereof and accordingly the company shall not (except by an Order of a Court of competent jurisdiction or as required by law) be bound to recognise any benami trust or equitable, contingent or other interest in such shares on the part of any other person whether or not it shall have express or implied notice thereof. Provided further that the Depository as the registered owner shall not have any voting rights or any other rights in respect of the shares held by the Depository and the beneficial owner shall be entitled to all such voting rights and other rights and benefits in respect of its shares held with a Depository.

Applicability of Depositories Act

29. Notwithstanding anything provided hereinabove, in the case of transfer of shares, where the Company has not issued any certificates and where such shares, are being held in an electronic and fungible form the provisions of the Depositories Act shall apply and accordingly the Depository shall be deemed to be registered owner for the purpose of effecting transfer of ownership of shares, on behalf of the beneficial owner. Furthermore nothing contained in Section 108 of the Act or in these Articles shall apply to a transferor or transferee, both of whom are entered as beneficial owners in the records of a Depository.



Non-applicability of certain provisions of the Act

30. In respect of shares, held by the Depository on behalf of beneficial owner, provisions of Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall not apply.

Distinctive number of shares held with a depository

31. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers of shares issued by the Company shall apply to shares held with a Depository.

Transfer of securities

32. Transfer of securities held in Depository shall be governed by the Depositories Act and extant Regulations in force.

TRANSFER AND TRANSMISSION OF SHARES**Application for transfer**

33. (1) The Instrument of Transfer shall be in writing and all the provisions of Section 108 of the Act shall be duly complied with in respect of all transfer of shares and the registration thereof.

(2) Where the application is made by the transferor and related to partly paid shares the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of notice.

(3) For the purpose of Clause (2) above the notice to the transferee shall be deemed to have been duly given if it is dispatched by pre-paid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

Transfer to be executed by the transferor and the transferee

34. Every such instrument of transfer shall be signed by the transferor and transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register of Members in respect thereof

Transfer not to be registered except on production of instrument of transfer

35. The company shall not register a transfer of shares in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferee and by or on behalf of the transferor, and specifying the name, address and occupation, if any, of the transferee, has been delivered to the Company within the prescribed period along with the certificate relation to the shares or if no such share certificate is in existence, along with the letter of allotment of the shares. Provided that whereon an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board thinks fit. Provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.

Notice of transfer to registered holder

36. Before registering any transfer tendered for registration, the Company may, if it so thinks fit, give notice by letter in the ordinary course to the registered holder that such transfer deed has been lodged and that unless objection is taken, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the office of the Company within four weeks from the posting of such notice to him, he shall be deemed to have admitted the validity of the said transfer.

Directors may refuse to register transfer

37. The board may, subject to the right of appeal conferred by Section 111 of the Companies Act, 1956, decline to register:

- (i) the transfer of share not being a fully paid share, to a person of whom they do not approve; or



- (ii) any transfer of share on which the Company has a lien, provided that the registration of transfer shall not be refused on the ground of transferor being either alone or jointly with any person or person indebted to the Company any account except a lien.
- (iii) The Company shall comply with provisions of Section 22 A of Securities Contracts (Regulations) Act, 1956, as regard to free transferability and registration of transfer of shares and debentures.

Notice of refusal to be given to transferor and transferee

38. If the company refuse to register the transfer of any shares or transmission of any right therein the company shall within two months from the date on which the instrument of transfer or intimation of transmission was lodged with the company, send notice of refusal to the transferee & transferor or the person giving intimation of the transmission, as the case may be, and thereupon the provisions of Section 111 of the Act or any statutory modification thereof for the time being in force shall apply.

Transfer by legal representative

39. A transfer of a share in the company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.

Custody of instrument of transfer

40. The instrument of transfer shall after registration be retained by the company and shall remain in its custody. All instruments of transfer, which the Directors may decline to register, shall on demand be returned to person depositing the same. The directors may cause to be destroyed all transfer deeds lying with the company for a period of ten years or more.

Closure of transfer books

41. The directors shall have power, on giving not less than seven days previous notice by advertisement as required by Section 454 of the Act to close the transfer books of the company, the Register of Members or the Register of Debenture-holders at such time or times and for such period or periods of time not exceeding in the whole 45 days in each year but not exceeding 30 days at a time as may seem expedient to the Board.

Title of share of deceased holder

42. The executors of administrators or the holder of a Succession Certificate in respect of the estate of a deceased member (not being one of two or more joint holders) shall be the only person recognized by the company as having an title to the shares registered in the name of such member and the company shall not be bound to recognize such executors or administrators unless such executors or administrators shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be, from a Competent Court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of Probate or Letters of Administration or Succession Certificate and under the provision of Article 34, register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member

Transmission Clause

43. Subject to the provisions contained in Article 28 & 29 hereof, any person, becoming entitled to a share in consequence of the death, lunacy or insolvency of any member, upon producing proper evidence of the grant of Probate or letters of Administration or Succession Certificate or such other evidence that he sustains the character in respect of which he proposes to act under this clause or of his title to the shares as the Board thinks sufficient, may, with the consent of the Board (which shall not be under any obligation to give), be registered as member in respect of such shares, or may subject to the regulations as to transfer herein before contained, transfer such shares. The clause is herein referred to as the transmission clause.

Power to refuse registration

44. Subject to the provisions of the Act and these Articles, the Directors shall have the same rights to refuse to register as member a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.



Persons entitled may receive dividend without being registered as a member

45. A person entitled to a share by transmission shall, subject to the rights of the Directors to retain such Dividends or money as hereinafter provided, be entitled to receive, and may give a discharge for any dividends or other moneys payable in respect of the share.

Board may require evidence of transmission

46. Every transmission of a share shall be verified in such manner as the directors may require and the company may refuse to register any such transmission until the same to be so verified or until or unless an indemnity be given to the company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there may not be any obligation on the company or the Directors to accept any indemnity.

Fee on transfer or transmission

47. The company shall not charge any fee on registration of transfer or transmission.

Company not liable for disregard of a notice prohibiting registration of transfer.

48. The company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer or shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of person having or claiming any equitable right, or interest title to or in the said shares notwithstanding that the company may have had notice of each equitable right, title or interest or may have received a notice prohibiting registration of such transfer any may have entered such notice or referred such notice thereto in any book of the company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right ,title or interest or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company. The Company shall nevertheless be at liberty to regard and attend to any such notice and give effect there to, if the Directors shall so think fit.

SHARES AND SHARE CERTIFICATES

Register and Index of Members

49. The Company shall be required to maintain a Register and Index of Members in accordance with Sections 150 and 151 of the Act and the Depositories Act, with details of shares held in material and dematerialised forms, in any media (including electronic media) as may be permitted by law. The Register and Index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and Index of Members holding shares in a dematerialised form for the purposes of the Act.

Company to treat the person's name in the Register of Members as the holder of Share certificate

50. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any benami trust or equity or equitable, contingent or other claim or interest in such share on the part of any other person whether or not it shall have express or implied notice thereof.

Share Certificate

51. (1) Every member or allottee of shares shall be entitled, without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid thereon.
- (2) Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issue against warrants, letters of advice or acceptance or letters of renunciation, or in cases of issue of bonus shares.

Provided that if any such warrant or letter of allotment advice or acceptance or renunciation is lost or destroyed, the Board may impose such reasonable terms, if any, as it thinks fit as to evidence



and indemnity and the payment of out-of-pocket expenses incurred by the Company in investigating the evidence.

(3) For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding two Rupees.

Issue of Share Certificates

52. (1) Any two or more joint allottees of a share shall, for the purpose of these Articles, be treated as a Single Member, and the certificates of any share, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them.

(2) Subject to the provisions of the Companies (Issue of Share Certificate) Rules, 1960, or any statutory modification or re-enactment thereof, for the time being in force, every such certificate shall be issued under the seal, which shall be affixed in the presence of (a) two Directors or persons acting on behalf of the Directors under a duly registered power of attorney and (b) the Secretary or some other person appointed by the Board for the purpose. The two Directors or their attorneys and the Secretary or other person so appointed shall sign the share certificate. Provided that if the composition of the Board permits of it, at least one of the aforesaid two Directors shall be a person other than a Managing director or Whole-time Director.

(3) A director may sign a certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as, engraving in metal or lithography, or computer printout but not by means of a rubber stamp.

Provided that the Directors shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

(4) Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued indicating the date of issue.

Renewal of share certificates

(1) (a) No certificate of any share or shares shall be Fees chargeable etc. issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or where the cages on the reverse for recording transfers have been duly utilised, unless the certificate in lieu of which it is issued is surrendered to the Company.

(b) The Company shall not charge any fee for issuing any certificate issued on splitting or consolidation of share certificate(s) or in replacement of share certificate(s) that are defaced or torn, old, decrepit, worn out, or where the cages on the reverse have been utilised.

(2) When a new share certificate has been issued in pursuance of clause (1) of this Article, it shall state on the face of it, against the stub or counterfoil to the effect that it is "issued in lieu of share certificate No..... sub-divided/replaced on/consolidation of shares".

(3) If a share certificate is lost or destroyed, a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on payment of such fee, not exceeding one rupee as the Board may, from time to time fix, and on such terms, if any, as to evidence and indemnity and payment of out-of-pocket expenses incurred by the Company in investigating the evidence, as the Board thinks fit.

(4) When a new share certificate has been issued in pursuance of clause (3) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is "duplicate issued in lieu of share certificate No.....". the word "duplicate" shall be stamped or punched in bold letters across the face of the share certificate.

(5) Where a new share certificate has been issued in pursuance of clause (1) or clause (3) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates indicating against the name(s) of the person(s) to whom the certificate is issued, the number and date of issue of share certificate in lieu of which the new certificate is issued, and the necessary changes indicated in the Register of Members by suitable cross references in the "Remarks" column.

(6) All blank forms to be used for issue of share Certificate forms, books, etc. certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks, engravings,



facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for the purpose. The Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board. The Chairman or the Managing Director of the Company, for the time being, or if the Company has no Chairman or Managing Director, every Director of the Company and the Secretary, if any, shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates, except the blank forms of share certificates referred. All books referred to herein shall be preserved in good order permanently.

FORFEITURE, SURRENDER AND LIEN

If Call or Installment not paid notice may be given

54.If any member fails to pay the whole or any allotment money or call or installment or any money due in respect to any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may at any time thereafter during such time as the allotment money or call or installments or any part thereafter and other moneys remain unpaid or a judgment or decree in respect thereof, remains unsatisfied in whole or in part, serve a notice on such member or on the person (if any) entitled to the share by transmission requiring him to pay such allotment call for installment or such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all expensed (legal or otherwise) that may have been incurred by the company by reason of such non payment.

Terms of notice

55.The notice shall name a day (not being less than 30 days from the date of the notice) on or before which and the place or places on or at which such allotment money or call installments or such part thereof and other moneys as aforesaid and such interest and expenses as aforesaid are to be paid, and if payable to any person other than the company, the person to whom such payment is to be made. The notice shall also state that in the event of non-payment at or before the time and (if payable to any person other than the company) at the place appointed, the shares in respect of which the allotment or call was made or installment is payable will be liable to be forfeited.

In default of Payment Shares to be forfeited

56.If the requirement of any such notice as aforesaid shall not be complied with any of the shares in respect of which such notice has been given may at any time thereafter but before payment of all allotment money calls or installments, interests and expenses and other moneys due in respect thereof be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Entry of Forfeiture in Register of Members

57. When any share shall have been so forfeited, an entry of the forfeiture with the date thereof, shall be made in the Register of Members in whose name it stood immediately prior to be forfeiture but no forfeiture shall be, in any manner, invalidated by any omission or neglect to give such notice or to make any entry as aforesaid

Forfeited shares to be property of the Company and may be sold etc.

58 .Any share so forfeited shall be deemed to be the property of the company and may be sold, re-allotted or otherwise disposed of either to the original holder thereof, or to any other person upon such terms and in such manner as the Board shall think fit.

Directors may annul forfeiture

59.The Directors may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions, as they think fit.

Shareholder still liable to pay money owing at the time of forfeiture and interest

60. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the company all allotment money or call, installments, interest, expenses and other moneys owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from time of the forfeiture until payment at such rate as the Directors may determine and the Directors may enforce the payment of the whole or a portion



thereof as if it were a new call made at the date of the forfeiture but shall not be under any obligation to do so.

Effect of forfeiture

61. The forfeiture of share shall involve extinction at the time of forfeiture, of all interest in all claims and demands against the company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these presents are expressly saved.

Surrender of shares

62. The Directors may subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering the share on such terms as they think fit.

Company's lien on Shares

63. The company shall have no lien on its fully paid shares. In the case of partly paid up shares the company shall have a first and paramount lien on such shares registered in the name of each member, whether solely or jointly with other and upon the proceeds sale thereof for all moneys called or payable at a fixed time in respect of such shares and whether held solely or jointly with any other person and whether the period for the payment, fulfillment or discharge thereof shall have actually arrived or not and no equitable interest in any share shall be created. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the company's lien, if any, on such shares. To suitably add that in case of partly paid shares the company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

As to enforcement of lien by sale

64. For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell such shares shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment or discharge of such debts, liabilities or engagements for 7 days after such notice.

Application of proceeds of sale

65. The net proceeds of any such sale payment of the costs of such sale shall be applied in or towards the satisfaction of such debts, liabilities or engagements of such member and the residue, (if any), shall subject to a like lien for sums not presently payable as existed upon the shares before the sale be paid to such member or the person (if any)

Certificate of forfeiture

66. A certificate in writing under the hand of two Directors that the call in respect of a share was made and notice thereof given and default in payment of the call was made and that the forfeiture of the share was made by a resolution of the Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share.

Title of purchaser and allottee of forfeited share or shares sold to exercise lien

67. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinabove given the Board may appoint some person to execute an instrument or transfer of the shares sold and cause the purchaser's name to be entered in the Register of members in respect of shares sold and the company may receive the consideration, if any, give for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings with reference to the forfeiture, sale, re-allotment or other disposal of the share and after his name has been entered in the Register in respect of such share, the validity of the sale shall not be impeached by any person.

Cancellation of share certificate in respect of forfeited share and shares sold to exercise lien

68. Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relevant shares shall (unless the same



shall on demand by the company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

BORROWING POWERS

Powers to Borrow

69. Subject to the provisions of Section 292 and 293 of the act and these Articles and without prejudice to the other power conferred by these Articles The Directors Shall have the powers from time to time at their discretion by a resolution passed at a meeting of the Board (not by the Circular Resolution) to accept deposits from members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums of moneys for the purpose of the company provided that the total amount borrowed at any time together with the moneys already borrowed by the company (apart from temporary loans obtained from the company's Bankers in the ordinary course of business) shall not without the consent of the company in General Meeting, exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specific purpose. Such consent shall be obtained by an ordinary resolution, which shall provide for the total amount upto which moneys may be borrowed by the Board. The expression "Temporary Loans" in this Article means loans repayable on demand or within six months from the date of the loan such as short term such credit arrangement, discounting of bills and the issue of other short term loans of seasonal character but does not include loans raised for the purpose of financing expenditure of a capital nature.

Conditions of which money may be borrowed

70. Subject to the provisions of the Act, and these Articles the Directors may, by resolution passed at the meeting of the Board and not by resolution, by circular, raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respect as they think fit and in particular by the issue of bonds, perpetual or redeemable debentures or debenture stock or other securities issued or to be issued by the company shall be under the control of the directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Issue of discount etc. or with special privilege

71. Subject to the provisions of the Act and Rules made thereunder, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium, or otherwise and with any special privileges and conditions as to redemption, surrender, drawings, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanctions of the Company in General Meeting.

Bonds debentures etc. to be subject to control of Directors.

72. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

Transfer of Debentures

73. Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped & executed by the transferor and transferee has been delivered to the Company together with the certificate or certificates of debentures, bonds. If the Board refuses to register the transfer notice of the refusal to be given.

Securities may be assignable free from equities

74. 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.

Mortgage of uncalled capital

75. If any uncalled capital of the company is included in or charged by way of any mortgage or other security by the Directors, the Directors shall subject to the provisions of the Act and the Articles,



make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

Indemnity to be given

76. Subject to the provisions of the Act and these Articles, if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the company, the Directors may execute or cause to be executed any mortgage, charge or security of, on over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or any other person so becoming liable as aforesaid from any loss in respect of such liability.

Security payment or repayment of moneys borrowed

77. The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such a manner and upon such terms and conditions in all respects as the Board may think fit and in particular by mortgage, charge, lien or any other security upon all or any assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture-stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaking by the Company or any other person or Company as the case may be.

Register of mortgages etc. to be kept.

78. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the company including all floating charges on the undertaking or any property of the company and shall cause the requirements of Section 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with (within the time prescribed by the said sections or such extensions thereof as may be permitted by the Court of the Register of Companies) so far as they are to be complied with by the company. The company shall, if at any time, it issues debentures, keep a register and index of Debentures holders in accordance with Section 152 of the Act.

VOTES OF MEMBERS

86. Subject to the provisions of the Act (and particularly of Sections 87, 88 and 92 (2) thereof, and these Articles:
- (1) Upon a show of hands every member holding equity shares and entitled to vote and present in person (including a proxy of a corporation or a representative of a company as mentioned in Article 76) shall have one vote;
 - (2) Upon a poll, the voting right of every member holding equity shares entitled to vote and present in person (including a proxy of a corporation or a representative of a company present as aforesaid) or by proxy shall be in the same proportion as the capital paid on the equity share or shares (whether fully paid or partly paid) held by him bears to the total paid up equity capital of the Company;
 - (3) Upon a show of hands or upon a poll, the voting right of every member holding preference shares shall be subject to the provisions, limitations and restrictions laid down in Section 87 of the act.

Representation by body corporate

87. No member not personally present shall be entitled to vote on a show of hands unless such member is a corporation present by proxy or unless such member is a body corporate present by a representative duly authorized under Section 187 of the Act or by a proxy in which case such proxy or representative may vote on a show of hands as if he were a member of the company.

Votes in respect of shares of deceased and insolvent members

88. Any person entitled under the Transmission Article (Article 34 hereof) to transfer any shares may vote at any General Meeting in respect thereof as if he were the registered holder of such shares; provided that at least forty-eight hours before the time of holding of the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right



to transfer such shares and give such indemnity, if any, as the Directors may require, unless the Directors shall previously admitted his right to vote at such meeting in respect thereof.

Voting by members of unsound mind and minor

89. A member of unsound mind or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll by his committee or other legal guardian; any such committee or guardian may, on a poll, vote by proxy if any member be a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one-time elected in case of dispute by the Chairman of the meeting.

No member to vote unless calls paid up

90. Subject to the provisions of the Act no member shall be entitled to exercise any voting right at any General Meeting either personally or by proxy or be reckoned in a quorum whilst any call or other sum shall be due presently payable to the company in respect of any of the shares of such member.

Right of members to use his votes differently

91. On a poll taken at a meeting of the company a member entitled to more than one vote, or his proxy or other per person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Demand of Poll

92. Before or on the declaration of the result of the voting on any resolution or a show of hands, a poll may be ordered to be taken by the Chairman of his own motion and shall be ordered to be taken by him on demand made in that behalf by atleast members having the right to vote on the resolution and present in person or by proxy or by a duly constituted attorney in case the member is a company or a corporation either registered in India or aboard or by any member or members present in person or by proxy and having not less than one tenth of the total voting power in respect of the resolution or by any member or members present in person or by proxy and holding share in the Company , conferring a right to vote on the resolution being shares on which an aggregate sum has been paid up which is not less than one tenth of the total sum paid up on all the shares conferring that right . The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time and manner of taking poll

93. A pool demanded on any question (other than the election of the Chairman or on a question of adjustment, which shall be taken forthwith) shall be taken at such place in the city, town or village in which the registered office of the company is situated and at such time not being later than forty eight hours from the time when the demand was made, as the Chairman may direct. Subject to the provisions of the Act, the Chairman of the meeting shall have power to take the poll by open voting or by secret ballot and either at once or after the interval or adjournment or otherwise and the result of the poll shall be deemed to be decision of the meeting on the resolution on which the poll was taken.

Votes may be given by Proxy or attorney

94. Subject to the provisions of the Act and these Articles, votes may be given either personally or by proxy or in the case of a body corporate also by a representative duly authorized under section 187 of the Act and Article 76 hereof.

PROXIES

95. Any member entitled to attend and vote at a meeting of the company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself but proxy so appointed shall not have any right to speak at the meeting.

Appointment of Proxy

96. Every proxy shall be appointed by an instrument in writing signed by the appointer or his attorney duly Authorize in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or any attorney duly authorized by it.



Deposit and validity of instrument of appointment

97. The instrument of proxy shall be deposited at the office of the company not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

Inspection of Proxies

98. Every member entitled to vote at a meeting of the company according to the provisions of these Articles on any resolution to be moved there at shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, in respect the proxies lodged at any time during the business hours of the company provided not less than three day's notice in writing of the intention so to inspect is given to the Company.

Form of Proxy

99. Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any of the forms set out in Schedule IX of the Act.

Custody of the instrument of proxy

100. Where the power to act as proxy is given by any member by executing special or general power attorney, such power of attorney shall be delivered to the company along with an extra copy thereof and company on comparing the copy with the original, shall be returned the original.

Validity of votes given by proxy notwithstanding death of member etc.

101. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of proxy under which such proxy was signed provided that no intimation in writing of the death, revocation or transfer shall have been received before the commencement of the meeting.

Time for objection to Votes

102. Subject to the provisions of the Act and these Articles, no objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote whether given personally or by proxy or by any means hereby authorized and not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

Chairman of any meeting to be the judge of validity of any votes

103. Subject to the provisions of the Act and these Articles the Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting and subject as aforesaid the Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

DIVIDEND**Division of profits**

105. The profit of the Company subject to the provisions of these Articles shall be divisible among the members in proportion to the amount of capital paid up on a share held by them respectively. Provided always that capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to such dividend proportionate to the capital from time to time paid up during such period on such share.

Capital paid up in advance at interest not to earn dividend

106. Where capital is paid up in advance as call upon the footing that the same shall carry interest, such capital shall not whilst carrying interest confer a right to dividend or to participate in profits.

Dividend in proportion to amount paid up

107. The company may pay dividends in proportion to the amount paid up or credited as paid upon each share, where a larger amount is paid up, credited as paid upon some shares than on others.



The Company in General Meeting may declare a dividend

108. The company in General Meeting may, subject to the provisions of section 205 of the Act, declare a dividend to be paid to the members according to their respective rights and interests in the profits and subject to the provision of the Act may fix the time for its payment. When a dividend has been so declared, either the dividend shall be paid or the warrant in respect thereof shall be posted within 30 days of the date of the declaration to the shareholders entitled to the payment of the same.

Reserves

109. Subject to the provision of the Act the Board shall in accordance with section 205(2A) of the Act before recommending any dividends, set aside out of the profits of the company such sums as it thinks proper as reserves which shall, at discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and such application may at the discretion, either be employed in the business of the company or be invested in such investments. The Board may also carry forward any profit, which it may think prudent not to divide without setting the aside as reserves.

Power of Company to limit dividend

110. (i) No larger dividend shall be declared than is recommended by the Directors, but the Company in General Meeting may declare a smaller dividend. No dividend shall be payable except out of the profits of the year or any other undistributed profits of the company, or otherwise, than in accordance with the provisions of Section 205, 205A, 205B, 206 and 207 of the Act and no dividend shall carry interest as against the company. The declaration of the Directors as to the amount of the net profits of the company shall be conclusive.
- (ii) No unclaimed or unpaid dividend shall be forfeited by the Company and the same shall be dealt with in accordance with Section 205 A and 205 B of the Companies Act, 1956.

Interim Dividend

111. Subject to the provisions of the Act, the Directors may, from time to time, pay to the members such interim dividends as in their judgment the position of the Company justifies.

Retention of dividends until completion of transfer

112. Subject to the provisions of the Act, the Directors may retain the dividends payable upon any shares in respect of which any person is entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same. The provisions of this Article shall apply to any interest created in a share either by reason of transmission or by operation of law or otherwise.

No member to receive dividend whilst indebted to the company and Company's right of reimbursement thereat

113. Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the company in respect of such share or shares or otherwise howsoever either alone or jointly with any other persons or persons; and the Directors may deduct from the interest or dividend payable to any member all sums of money due from him to the company.

Transfer of shares must be registered

114. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividend how remitted

115. Unless otherwise directed any dividend may be paid by cheque or warrant sent through post to the Registered Address of the member or person entitled to the share or in the case of joint holders to that one of them first named in the Register in respect of the joint holding, every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member, other person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.



Unpaid Dividend

116. No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the unclaimed dividend shall be dealt with in accordance with provision of Section 205 (A) of the Act.

Dividend and call together

117. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members of such amount as the meeting fixes, but so that the call to each member shall not exceed the dividend payable to him and so that the call may be made payable at the same time as the dividend and the dividend may, if so arranged between the company and the members, be set off against the call.

INDEMNITY AND RESPONSIBILITY

165. a) Subject to the provisions of Section 201 of the Act every Director, Manager, Secretary and other officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses (including traveling expenses) which any such Directors, 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 as aforesaid every Director, Manager, Secretary, or other Officer or employee of the Company shall be indemnified against any liability incurred by them or him in defending any proceedings whether civil or criminal in which judgement is given in their or his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the court, and 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 incurable by or in respect of any Director for filing any return, paper or document with the Register 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 office of the Company.

166. Subject to the provisions of Section 201 of the Act, no Director or other officer of the company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer; or for joining in any receipt or other act for conformity 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 for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested, or for any loss or damages arising from the bankruptcy insolvency or tortious act of any person, company or corporation with whom any moneys, securities or effects shall be entrusted; or deposited or for any loss occasioned by any error of judgement or oversight on his part or for any loss or 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

167. a) No member shall be entitled to visit or inspect the Company's works without the permission of the Directors or Managing Director or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or which may relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interests of the Company to communicate to the public.

b) Every Director, Managing Director, Wholetime Director of the Board and Manager, Secretary, Auditor, Trustee, Members of a Committee, Officers, Servant, Agent, Accountant or other person employed in the business of the Company, shall if so required by the Directors before entering upon his duties, or at any time during his term of office sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company and the state of accounts and in matters relating thereto, and shall by such declaration pledge himself not to deal any of the matters, which may come to his knowledge in the 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 far as may be necessary in order to comply with any of the provisions contained in these Articles.



E. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to in Para "A" below (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or contracts entered into more than two years before the date of this Prospectus) which are/or may be deemed to be material have been entered into by or on behalf of the Company. Copies of these contracts together with copies of documents referred to in Para "B" below all of which have been attached to the copy of this Prospectus and which have been delivered to the Registrar of Companies, Marine Lines, Mumbai, Maharashtra for registration and may be inspected at the Registered Office of the Company between 11.00 a.m. and 1.00 p.m. on any working day from the date of this Prospectus until the date of closing of subscription list.

MATERIAL CONTRACTS

1. Memorandum of Understanding dated 12th August 2004, between the Company and Khandwala Securities Limited.
2. Memorandum of Understanding dated 30th September 2004, between the Company and the Registrar of the issue, Intime Spectrum Registry Limited
3. Copy of tripartite agreement entered into between CDSL, the Company and the Registrar of the Issue, Intime Spectrum Registry Limited
4. Copy of tripartite agreement entered into between NSDL, the Company and the Registrar of the Issue, Intime Spectrum Registry Limited.
5. Copies of quotations for plant and machinery.

MATERIAL DOCUMENTS

1. Memorandum of Association and Articles of Association of the Company
2. Certificate of Incorporation dated 18.04.1972.
3. Copy of special resolution passed u/s 81 (1A) on 12.07.2004 authorizing the Issue of equity shares
4. Copies of initial listing application dated dd.mm.yyyy made to the National Stock Exchange of India Ltd, and The Stock Exchange, Mumbai.
5. Letters from the National Stock Exchange of India Ltd., and The Stock Exchange, Mumbai dated dd-mm-yyyy and dd-mm-yyyy respectively granting permission to use their names in the Prospectus.
6. Copies of Auditors Reports
 - i. Report mentioned on Prospectus-dated 29.10.2004.
 - ii. Report on tax benefits dated 4.10.2004.
7. Consent letters from the Directors, Lead Managers, Bankers to the issue, Bankers to the Company, Auditors, Registrar to the Issue, Company Secretary and Compliance Officer to act in their respective capacities and for inclusion of their names in the Prospectus
8. Copy of members' resolution dated 12.7.2004 for appointment and fixation of remuneration of Shri Ashok Boob as Whole time Director and the Board Resolution dated 1.11.2004 for appointment and fixation of remuneration of Shri Govardhan M.Dhoot.
9. Power of Attorney(s) executed by the Directors in favour of Mr. Govardhan M. Dhoot for signing and making correction in the Prospectus on their behalf
10. Copies of Annual Reports for the last five accounting periods, i.e., FYs 1999- 2000, 2000–2001, 2001–2002, 2002–2003 and 2003-2004
11. Due diligence certificate dated 8.11.2004 issued by Lead Manager to the Issue, Khandwala Securities Limited.
12. SEBI observation letter No. _____ dated _____.



PART – III

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 Prospectus is contrary to the provisions of the Companies Act, 1956 and rules made there under. All the legal requirements connected with this said offer as also the guidelines, instructions etc., issued by SEBI, the Government and any other competent authority in this behalf have been duly complied with.

Undertaking

We the Directors of Mangalam Drugs & Organics Ltd., 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 draft Prospectus 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 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 and the General Manager (Finance) of the Company certify that all disclosures made in the draft Prospectus are true and correct.

Signed by:

1. Mr. Govardhan M. Dhoot _____
2. Mr. Ashok R. Boob _____
3. Mr. Subhash C. Khattar _____
4. Mr. Rajendraprasad .K. Mimani _____
5. Mr. Ajay Samant, General Manager (Finance) _____

Place: Mumbai

Dated:



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